

APRIL 2021

# IAASB PUBLIC REPORT

JULY 1, 2019 – DECEMBER 31, 2020

**PUTTING THE PUBLIC INTEREST  
AT THE HEART OF OUR WORK:  
ACTING WITH URGENCY, PURPOSE  
AND RESPONSIVENESS**

**IAASB**

International Auditing  
and Assurance  
Standards Board



The International Auditing and Assurance Standards Board (IAASB) is a global independent standard-setting body that serves the public interest by setting high-quality international standards which are generally accepted worldwide.

The IAASB believes that robust international standards contribute to enhanced engagement quality and consistency of practice throughout the world and strengthened public confidence in the global auditing and assurance profession. The IAASB sets its standards in the public interest with advice from the IAASB Consultative Advisory Group (the CAG) and under the oversight of the Public Interest Oversight Board (PIOB).

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# CHAIR'S MESSAGE

The 2019-2020 Public Report marks my first as IAASB Chair. During the first 18 months of my term, the IAASB set an ambitious path—completing five major standards, embracing a new strategy and a greatly evolved work plan, and adapting to a new environment, sparked by the global pandemic. This Public Report explains how, during this 18-month period, we at the IAASB served the public interest in audit and assurance.

In July 2019, I was honored to step into the role of chair. I joined a board well positioned to have positive impact, in great part due to the efforts of my predecessor, Arnold Schilder. Strongly committed to developing high-quality global audit and assurance standards, the IAASB was in the final stages of a work program aimed at improving the fundamentals of audit quality. This foundational work, along with a strong team in place, certainly provides a strong platform to build on.

I was also conscious that the IAASB and the audit and assurance profession face significant challenges. My motivation to join the IAASB was and still is based on the firm conviction that the public interest is best served when market participants have confidence in reported information and those that provide assurance. At its best, the audit profession is at the heart of driving market confidence. However, despite the good work of many auditors, recent corporate failures do raise questions regarding the relevance and quality of audits. The onset of the global pandemic has only complicated the situation.

The IAASB must remain a constructive force in addressing those questions. We recognize that our stakeholders will measure our ultimate success by the level of trust in reported information, where audit and assurance play a significant role. For this reason, our counterparts at the International Ethics Standards Board for Accountants (IESBA) and we are working closely with the Monitoring Group, the Public Interest Oversight Board (PIOB), and the International Federation of Accountants (IFAC) on governance reforms. Ensuring that the standard-setting boards are independent, public accountable bodies with the appropriate resources are necessary if we are to meet our lofty, but essential objective.

In December 2019, the IAASB approved a strategy that puts a public interest lens at the heart of all our work as the primary vehicle for sustaining and enhancing trust in audit and assurance. We agreed to confront the leading challenges facing audit and assurance—advances in technology, issues of public interest concern, the reduction of needless complexity, and the demand for increased reporting of non-financial information. The strategy includes three objectives:

1. Increase the emphasis on emerging issues to ensure our standards remain relevant;
2. Innovate our ways of working to create a more agile standard setter; and
3. Enhancing our interactions with stakeholders.



**TOM SEIDENSTEIN**

We made progress on all three fronts. First, by completing much of the foundational work on audit quality started under Arnold's leadership, we have a solid base to build on and have created capacity to take on new efforts. The approval of International Standard on Auditing (ISA) 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*, International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements* and the suite of Quality Management Standards<sup>1</sup> are a significant step forward. With their approval, we were able to complete the guidance on Extended External Reporting (EER) Assurance Engagements and are now rapidly advancing our work on Less Complex Entities (LCEs), as well as making significant progress in relation to fraud, going concern, and audit evidence.

Second, our strategy calls for us to make the standard-setting process more agile, because a common complaint is that we move too slowly. The completion of standards and an entirely evolved work plan provide some evidence of progress. In our project on LCEs, we established an external reference group aimed at giving real time, practical feedback. In response to the global pandemic, we recognized that practitioners and others needed help. We responded quickly with a series of Staff Alerts aimed at applying our standards in the circumstances created by the pandemic environment and coordinated closely with National Standard-Setters (NSS) and IFAC to disseminate our work. These examples are first steps to improve our processes, without sacrificing quality.

Third, we know that independence is not omnipotence. We must be willing to listen to a broad range of stakeholders who have an interest in standard-setting and undertake our work with a strong sense of humility. It is for this reason that our strategy seeks tighter coordination with the broader ecosystem—including the PIOB, securities regulators, inspection regimes, standard-setters, those charged with governance and investors. Indeed, the level of consultation intensified over recent months and allowed us to identify the public interest better on key topics. We are seeking new ways to engage those not normally involved in standard-setting to meet our stakeholders where they want to be met.

I am constantly reminded that the progress that we are making at the IAASB is the result of herculean efforts of a volunteer board, supported by dedicated technical advisors. Special appreciation goes to my recently retired Deputy Chair, Fiona Campbell, on whom I relied greatly. Over the past two years, Bob Dohrer, Karin French, Marek Grabowski, and Rich Sharko finished their terms and left an impressive legacy. The staff leadership team—Bev Bahlmann, Willie Botha, James Gunn, and Brett James—are unsung heroes in leading a talented, dedicated, and hard-working team, stretched to limits by the new normal and an ambitious work plan.

The IAASB knows that it has much work in front of us. These times, however, demand continued action if we are to fulfill our public interest mandate.



<sup>1</sup> The IAASB's Quality Management Standards comprise: International Standard on Quality Management (ISQM) 1 (Previously International Standard on Quality Control (ISQC) 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*; ISQM 2, *Engagement Quality Reviews*; and ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*.

# TECHNICAL DIRECTOR'S MESSAGE

The period under review, July 2019 to December 2020, saw the end of the IAASB's Strategy period 2015–2019, the first year of the IAASB's Strategy period 2020–2023 and the beginning of the term of the IAASB's new Chair, Tom Seidenstein. Also, Jim Dalkin was reappointed as the Chair of the IAASB Consultative Advisory Group (CAG). All of this amid one of the most challenging years in recent history, owing to the devastating effects of the COVID-19 pandemic on society, the economy and business.

This Public Report evidences the IAASB's commitment and focus to complete our work relating to improving the fundamentals of audit quality under the previous Strategy and to embrace and make significant progress in relation to the work program under our new Strategy, with its goal of sustained trust in financial and other reporting, enhanced by high-quality audits, assurance and related services engagements, through delivery of robust global standards that are in the public interest and capable of consistent and proper implementation. Tom elaborated on the related strategic objectives in his Chair's Message.

The achievements reported here are attributable to the enormous commitment and dedication of our board members, technical advisors and the IAASB staff team. The credibility and quality of our work is further enhanced by the advice and direction we receive from the IAASB CAG, other official observers and the oversight provided by the PIOB. I wish to extend a special word of thanks to the IAASB staff team, who demonstrated tremendous resolve to adapt to the challenging circumstances in 2020 in continuing to support the activities of the IAASB in all areas – I am proud to lead this group of highly qualified and performing professionals.

This Public Report highlights, among other matters, 'OUR': standards, structures, people, work, ways of working, and outreach and collaboration – a set of integrated activities that contribute to the IAASB being able to deliver on its mandate as a global audit and assurance standard-setter. I chose to underscore our work in certain areas, below – further details regarding these and other areas are provided within the relevant sections of the report.

**COVID-19 pandemic:** As others had to do, the IAASB reckoned with a 'new normal', which we did through an approach described as "Assist, Adapt, Coordinate" – we did so in close coordination with our sister board, the IESBA, the PIOB, IFAC and other stakeholders. The IAASB set a milestone in operating on a virtual basis for nearly the whole of 2020. In addition to virtual board meetings, we also continued to progress our work through conducting all task force / working group meetings virtually, as well as continuing with an adjusted, but still comprehensive outreach program albeit on a virtual basis. We will continue to monitor the need to further calibrate our work program based on the capacity of the board and staff resources, and the capacity of our stakeholders to absorb what we deliver.

**ISA 315 (Revised 2019):** In line with the focus of the IAASB Strategy 2015–2019, identifying and assessing the risks of material misstatement is fundamental to planning and performing a risk-based audit, and to audit quality. ISA 315 (Revised 2019) was approved in September 2019 and establishes more robust requirements and appropriate application material to drive auditors to perform more consistent, robust risk assessments.

**Quality Management Standards:** In September 2020, the IAASB approved a suite of three Quality Management Standards (ISQM 1, ISQM 2 and ISA 220 (Revised)). These important enhancements at the firm and engagement levels are aimed at better enabling the consistent performance of quality engagements for a broad range of firm and engagement circumstances. Importantly, when the standards are effectively implemented and enforced, market participants should benefit from firms having to demonstrate that a commitment to quality is at the heart of firm strategy and operations.



WILLIE BOTHA

**Group Audits:** The revision of ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*, is the final remaining project which commenced under the previous Strategy. The Exposure Draft, ED-600, was approved in March 2020 and the (extended) exposure period closed in October 2020. Recognizing the systemic importance of group financial statements and the audits of such statements, the IAASB remains focused on progressing this as a priority project, with approval of the final standard targeted for December 2021.

**LCEs:** In June 2020, the IAASB provided clear direction regarding the development of a separate standard for audits of financial statements of LCEs, and subsequently approved a Project Proposal in December 2020. Our work in this area recognizes that the IAASB's mandate encapsulates developing robust global standards that are in the public interest and capable of application to entities across industries and of different sizes and complexity. The development of a separate standard for audits of financial statements of LCEs is responsive to stakeholder-identified needs in this segment.

**Audit Evidence:** After extensive information gathering and targeted outreach activities, the IAASB approved a Project Proposal in December 2020 to revise ISA 500, *Audit Evidence*. Our standard-setting in this area will be directed by public interest issues relating to changes in information being used by auditors (including the nature and sources of information), modernizing and supporting a principles-based standard that recognizes the evolution in technology, and fostering professional skepticism when making judgments about information intended to be used as audit evidence and evaluating whether sufficient appropriate audit evidence has been obtained.

**Fraud and Going Concern:** The IAASB undertook substantial efforts in its activities to gather information about public interest issues related to fraud and going concern in financial statement audits and the auditor's role in these areas. The information collected will help progress these workstreams in 2021 and beyond and enable the IAASB to make informed decisions about possible further actions, including standard setting.

**EER Assurance Engagements:** The work to develop non-authoritative guidance continued throughout the period under review. The IAASB subsequently approved *Non-Authoritative Guidance on Applying ISAE 3000 (Revised)<sup>2</sup> to EER Assurance Engagements*, in March 2021. The finalization of the Guidance comes at a time when there is increased focus on the reporting of non-financial information, including global efforts to establish a coherent set of sustainability reporting standards. The Guidance responds to ten key stakeholder-identified challenges commonly encountered in applying ISAE 3000 (Revised), which is the IAASB's authoritative pronouncement, in EER assurance engagements. Together with ISAE 3000 (Revised) and ISAE 3410,<sup>3</sup> the Guidance forms a package that is sufficiently robust to enable practitioners to respond to new reporting regimes. The IAASB will closely monitor developments in this area and remains ready to act as gaps emerge.

**Disruptive Technologies:** IAASB staff, together with the Chair, focused on the topic of disruptive technologies and its transformative impact on audit and assurance. We worked with Founders Intelligence to do foundational research on disruptive technologies and its impact on standard setting. The results of our initial information gathering and research were used in the latter part of 2020 for further targeted outreach, including the hosting of a Disruptive Technologies roundtable. The IAASB will continue its efforts in 2021, which should enable us to have discussions within the IAASB and with external stakeholders about potential actions.

**In closing:** Our technically focused standard-setting and related activities (some of which I have addressed above) are at the core of the IAASB's mandate; however, the success of these activities is very much dependent on and interrelated with "our ways of working" and the outreach and collaboration that we undertake. This Public Report provides a fulsome overview of the IAASB's activities in all these areas. The IAASB staff team will continue to work closely with the Chair and Deputy Chair, board members and their technical advisors, and our stakeholders to achieve the best possible outcome for auditing, assurance and related services in the public interest.



<sup>2</sup> International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*

<sup>3</sup> ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*

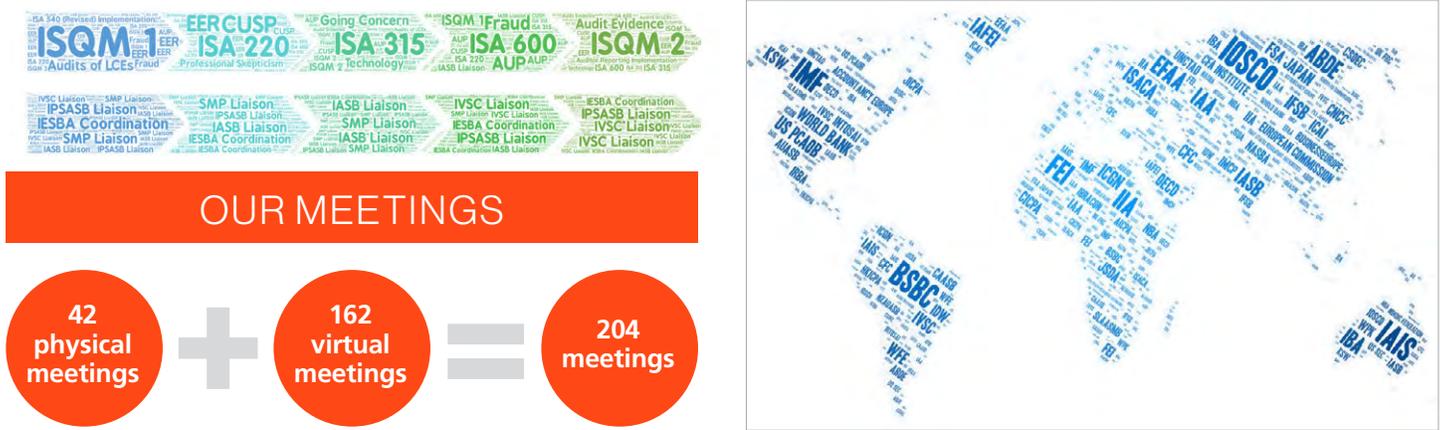
# IAASB AT A GLANCE



## OUR PEOPLE



## OUR WORKING, LIAISON AND ADVISORY GROUPS



## OUR MEETINGS



# PUBLICATIONS

PUBLICATIONS  
FROM  
JULY 1, 2019 TO  
DECEMBER 31, 2020



**6**

New and Revised  
Standards



**2**

Exposure Drafts



**3**

Consultations and  
Discussion Papers



**49**

Implementation  
Activities, Support  
Materials, Proposals  
and Updates



**2**

Strategy and  
Work Plans



**6**

IAASB-IESBA  
Coordination -  
Joint Statements  
and Joint Sessions

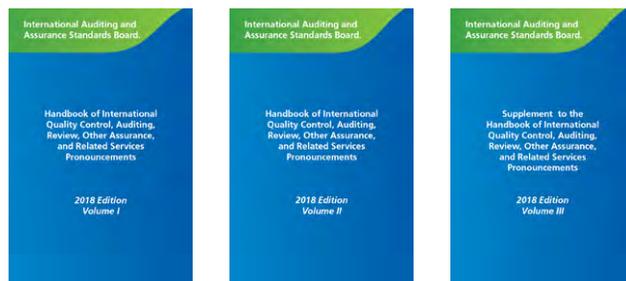


**2**

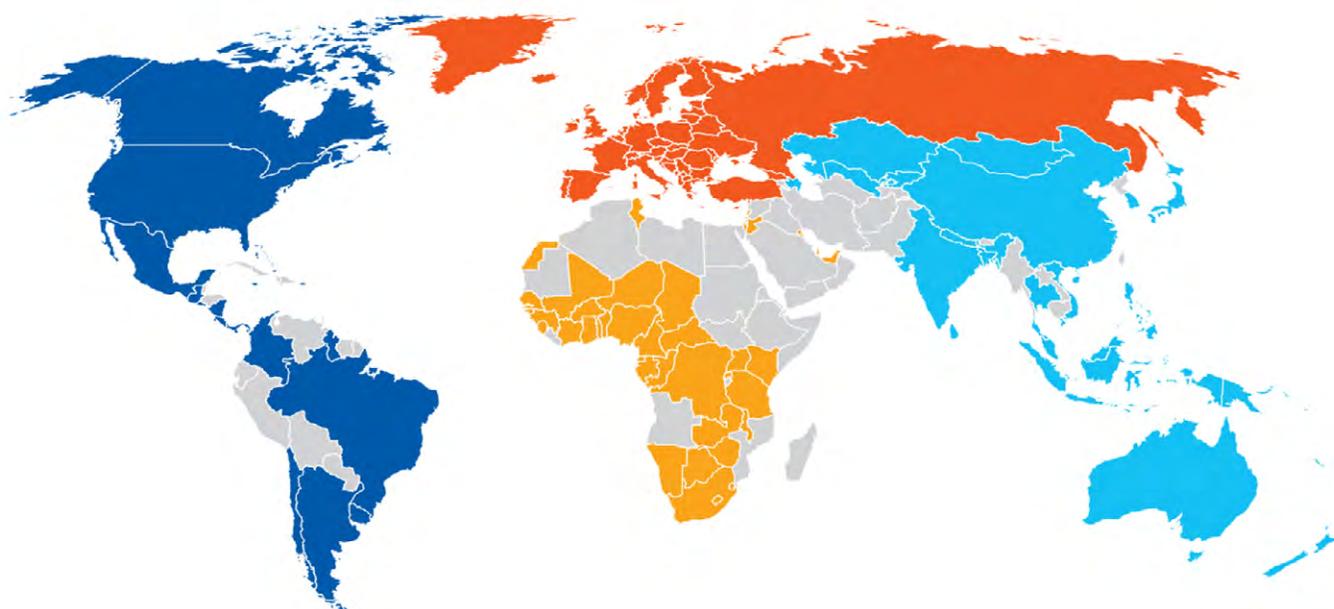
IAASB Responses  
to Public  
Consultations

# OUR STANDARDS ACROSS THE WORLD

As of December 31, 2020, 130 jurisdictions worldwide use or are committed to using the ISAs, up from some 90 countries in the mid-2000s.



## Jurisdictions Using or Committed to Using the ISAs<sup>4</sup>



### Americas (20)

Argentina, Bahamas, Barbados, Brazil, Canada, Cayman Islands, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Guyana, Jamaica, Mexico, Nicaragua, Panama, Puerto Rico (private companies), Trinidad and Tobago, Uruguay, USA (private companies)

### Europe (44)

Albania, Armenia, Austria, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France (Experts Comptables), Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Kosovo, Latvia, Lithuania, Luxembourg, Malta, Moldova, Montenegro, Netherlands, Norway, Poland, Portugal, Republic of North Macedonia, Romania, Russia Federation, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom

### Asia and Oceania (24)

Australia, Bangladesh, Bhutan, Cambodia, China, Hong Kong, India, Indonesia, Japan, Kazakhstan, Kyrgyz Republic, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Papua New Guinea, Philippines, Singapore, South Korea, Sri Lanka, Thailand, Uzbekistan (listed entities), Vietnam

### Africa / Middle East (42)

Azerbaijan, Bahrain, Benin, Botswana, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Ghana, Guinea, Guinea-Bissau, Jordan, Kenya, Kuwait, Lebanon, Lesotho, Malawi, Mali, Mauritius, Morocco, Namibia, Niger, Nigeria, Palestine, Republic of the Congo, Rwanda, Senegal, Sierra Leone, South Africa, Swaziland, Tanzania, Togo, Tunisia, Uganda, United Arab Emirates (Abu Dhabi and Dubai), Zambia, Zimbabwe

<sup>4</sup> This content was compiled from publicly available information on jurisdictions using or committed to using the ISAs. Updated information is available on the IAASB website.

# OUR STRUCTURES



# OUR PEOPLE

## IAASB Members

BOARD MEMBER	COUNTRY	2020	2019
<b>NON-PRACTITIONERS</b>			
Tom Seidenstein, <sup>P</sup> Chair	United States	✓	✓
Chun Wee Chiew	Singapore	✓	✓
Marek Grabowski <sup>P</sup>	United Kingdom		✓
Kai Morten Hagen	Norway	✓	✓
Josephine Jackson	United Kingdom	✓	
Kai-Uwe Marten <sup>P</sup>	Germany	✓	✓
Lyn Provost <sup>P</sup>	New Zealand	✓	✓
Roger Simnett <sup>P</sup>	Australia	✓	✓
Eric Turner	Canada	✓	✓
Imran Vanke <sup>P</sup>	South Africa	✓	✓
<b>PRACTITIONERS</b>			
Fiona Campbell, Deputy Chair	Australia	✓	✓
Sue Almond	United Kingdom	✓	
Julie Corden	Canada	✓	✓
Bob Dohrer	United States	✓	✓
Karin French	United States		✓
Len Jui	China	✓	✓
Sachiko Kai	Japan	✓	✓
Fernando Ruiz Monroy	Mexico	✓	✓
Rich Sharko	Netherlands	✓	✓
Isabelle Tracq-Sengeissen	France	✓	✓

<sup>P</sup> Public Member

IAASB Members – December 31, 2020



From the top (left to right)

Tom Seidenstein, Len Jui, Fiona Campbell, Bob Dohrer, Kai Morten Hagen, Josephine Jackson, Sachiko Kai, Rich Sharko, Roger Simnett, Imran Vanker, Kai-Uwe Marten, Chun Wee Chiew, Sue Almond, Eric Turner, Fernando Ruiz Monroy, Julie Corden, Lyn Provost, Isabelle Tracq-Sengeissen

IAASB Members – December 31, 2019



Standing (left to right)

Chun Wee Chiew, Roger Simnett, Len Jui, Bob Dohrer, Marek Grabowski, Kai-Uwe Marten, Tom Seidenstein, Eric Turner, Fernando Ruiz Monroy, Kai Morten Hagen, Imran Vanker, Rich Sharko, Lyn Provost

Sitting (left to right)

Karin French, Sachiko Kai, Fiona Campbell, Isabelle Tracq-Sengeissen, Julie Corden

## Technical Advisors

### At December 31, 2020 (Member in brackets)

Helene Agélie (Kai Morten Hagen)	Sara Ashton (Sue Almond)	Vivienne Bauer (Fernando Ruiz Monroy)	Wolfgang Böhm (Kai-Uwe Marten)
Fabien Cerutti (Isabelle Tracq-Sengeissen)	Antonis Diolas (Chun Wee Chiew)	Johanna Field (Eric Turner)	Hiram Hasty (Bob Dohrer)
Rene Herman (Roger Simnett)	Susan Jones (Len Jui)	Thokozani Nkosi (Josephine Jackson)	Tania Sergott (Julie Corden)
Jamie Shannon (Rich Sharko)	Sylvia van Dyk (Lyn Provost)	Denise Weber (Fiona Campbell)	Kohei Yoshimura (Sachiko Kai)

### December 31, 2020



#### From the top (left to right)

Tania Sergott, Jamie Shannon, Denise Weber, Wolfgang Böhm, Johanna Field, Vivienne Bauer, Fabien Cerutti, Sylvia van Dyk, Antonis Diolas, Susan Jones, Hiram Hasty, Helene Agélie, Sara Ashton, Kohei Yoshimura, Rene Herman, Thokozani Nkosi

### December 31, 2019



#### Standing (left to right)

Vivienne Bauer, Hiram Hasty, Johanna Field, Matthew Zappulla, Kohei Yoshimura, Wolfgang Böhm, Nicolette Bester, Jamie Shannon, Fabien Cerutti, Melissa Bonsall

#### Sitting (left to right)

Sara Ashton, Denise Weber, Josephine Jackson, Susan Jones, Sylvia van Dyk

## Staff

### For the Period from July 1, 2019 to December 31, 2020

James L. Gunn Managing Director, Professional Standards	Willie Botha Technical Director	Beverley Bahlmann Deputy Director	Brett James Deputy Director
Natalie Klonaridis Principal	Kalina Shukarova Savovska Principal (Joined in July 2019)	Joy Thurgood Principal (Until September 2020)	Jasper van den Hout Principal
Yvonne Chan Manager	Phil Minnaar Manager	Hankenson Jane L. Talatala Manager	Armand Kotze Analyst
Angela Donnelly Staff Fellow (Joined in April 2020)	Dan Montgomery Consultant	Nicolette Bester Consultant (Joined in October 2020)	Keiko Kodama Seconded from JICPA <sup>5</sup> (Until July 2019)
Elaine German Administrative Assistant (Until January 2020)	Michelle Harrison Administrative Assistant	Karen Sherrill Administrative Assistant (Joined in January 2020)	

### December 31, 2020



#### From the top (left to right)

Michelle Harrison, Yvonne Chan, Armand Kotze, Willie Botha, Brett James, Nicolette Bester, Beverley Bahlmann, Kalina Shukarova Savovska, Angela Donnelly, Jasper van den Hout, Natalie Klonaridis, Hankenson Jane L. Talatala, Phil Minnaar

### December 31, 2019



#### Standing (left to right)

Natalie Klonaridis, Phil Minnaar, Jasper van den Hout, Michelle Harrison, Willie Botha, Beverley Bahlmann, Brett James

#### Sitting (left to right)

Elaine German, Hankenson Jane L. Talatala, Yvonne Chan, Joy Thurgood, Keiko Kodama

<sup>5</sup> Japanese Institute of Certified Public Accountants (JICPA)

# OUR WORK

## Working Toward Delivering on Our Strategic Objectives

The IAASB's **Strategy for 2020-2023 (the Strategy)** was approved in December 2019 and focuses on increased agility and enhanced coordination, and prioritizes responding to emerging issues. Our goal is to sustain trust in financial and other reporting, enhanced by high-quality audits, assurance and related services

engagements, through delivery of robust global standards that are in the public interest and capable of consistent and proper implementation. We developed three strategic objectives to help us focus our efforts. **Our Work Plan for 2020-2021**, which also was approved in December 2019, was developed in this context.<sup>6</sup>

### Increase Emphasis on Emerging Issues



**(I) Increase the emphasis on emerging issues to ensure that our International Standards provide a foundation for high-quality audit, assurance and related services engagements**

### Innovate our Ways of Working



**(II) Innovate our ways of working to strengthen and broaden our agility, capabilities, and capacity to do the right work at the right time**

### Maintain and Deepen Relationships



**(III) Maintain and deepen our relationships with our stakeholders to achieve globally relevant, progressive and operable standards**

### Strategy for 2020-2023 and Work Plan for 2020-2021



This document, developed through extensive external consultation over two years, looks to build sustained trust in financial and other reporting through high-quality audits, assurance, and related services engagements. The IAASB also recognizes the need to address the impact of technology, demands relating to changing reporting needs (including demands in relation to non-financial reporting), and changing expectations for the audit.

**April 2020:  
Published Strategy  
for 2020-2023**

This document describes, at the time of the December 2019 approval, how the IAASB intends to increase its focus on emerging issues, while completing the existing work already committed to and underway. In the Work Plan, the IAASB anticipates standard-setting projects on going concern, fraud, and audit evidence, and work to address the needs of auditors of LCEs, among other topics.

**April 2020:  
Published Work Plan  
for 2020-2021**

The following sets out an overview of our activities for the period from July 1, 2019 to December 31, 2020:

<sup>6</sup> The evolving COVID-19 environment necessitated close monitoring and regular review of the progress and targeted delivery dates of various projects and workstreams, including consultation in this regard with the IOB and other stakeholders. Due to the ongoing nature of the pandemic and the need to continue to operate in a virtual environment, changes were made to planned timing of the IAASB's projects and initiatives in May 2018 and most recently in January 2021 (see [Revised Detailed Work Plan Table for 2020-2021](#)).

## Revising and Developing Standards

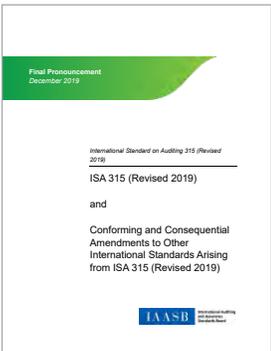


### OUR PROJECTS COMPLETED BETWEEN JULY 2019 AND DECEMBER 2020

#### ISA 315 (Revised 2019) – Identifying and Assessing the Risks of Material Misstatement (Final standard published in December 2019)



Approval of standard in September 2019



ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*, was finalized and published at the end of 2019. The standard was revised to require a more robust risk identification and assessment, thereby promoting better responses to the identified risks. The revised requirements focus on ‘what’ needs to be done, and the application material enhanced, modernized and reorganized to describe ‘why’ and ‘how’ procedures are to be undertaken. ISA 315 (Revised 2019) is effective for audits of financial statements for periods commencing on or after December 15, 2021. The [project page](#) sets out the IAASB’s discussions and other activities in completing this project.

#### ISA 315 (Revised 2019) – Basis for Conclusions and Fact Sheet



This document includes explanation of the IAASB’s basis for conclusions with respect to comments received on significant and other matters relating to the identification and assessment of risks of material misstatement in ED-315.

This document explains the objectives of the revisions and the significant enhancements to the standard to support more robust risk identification and assessment by the auditor.

**December 2019: Published *Basis for Conclusions***

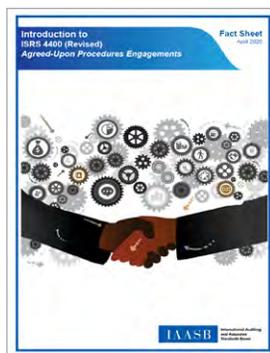
**December 2019: Published *Fact Sheet***

## ISRS 4400 (Revised) – Agreed-Upon Procedures Engagements (Final standard published in April 2020)



ISRS 4400 (Revised), *Agreed-Upon Procedures Engagements*, was published in April 2020. The standard was revised to respond to trends in agreed-upon procedures (AUP) engagements and to promote consistent interpretation and performance of an AUP engagement by practitioners. The standard was broadened to meet the demand for AUP engagements on both financial and non-financial subject matters. The standard is effective for AUP engagements for which the terms of the engagement are agreed on or after January 1, 2022. The [project page](#) sets out the IAASB’s discussions and other activities in completing this project.

### ISRS 4400 (Revised) – Basis for Conclusions and Fact Sheet



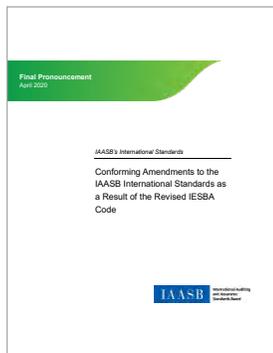
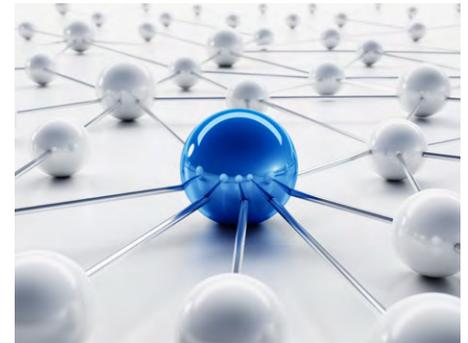
This document includes explanation of the IAASB’s basis for conclusions with respect to comments received on significant and other matters relating to AUP engagements in ED-4400.

This document provides implementation support in relation to the more significant changes to the standard and to help practitioners navigate and apply the revised standard to AUP engagements.

**April 2020: Published Basis for Conclusions**

**April 2020: Published Fact Sheet**

## Conforming Amendments to the IAASB International Standards as a Result of the Revised IESBA Code (Final Conforming Amendments published in April 2020)

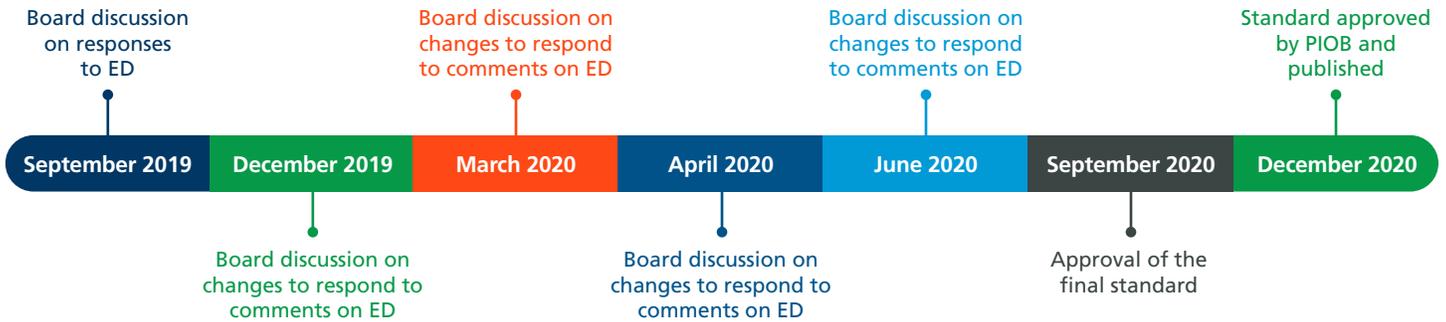


The Conforming Amendments to the IAASB's International Standards as a Result of the Revised IESBA Code resulted in limited amendments to the IAASB's international standards in response to the revised IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code). The Conforming Amendments ensure that the IAASB's international standards continue to be applied together with the IESBA Code. The conforming amendments to the IAASB's standards became effective as of July 15, 2020.



**Basis for Conclusions (April 2020):** Includes explanation of how the IAASB came to its conclusions regarding comments received for the proposed *Conforming Amendments to the IAASB International Standards as a Result of the Revised IESBA Code*

## ISQM 1 – Quality Management at the Firm Level (Final standard published in December 2020)



ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*,<sup>7</sup> was finalized and published at the end of 2020. The standard strengthens firms’ systems of quality management through a robust, proactive and effective risk-based approach to quality management. The standard encourages firms to design a system of quality management that is tailored to the nature and circumstances of the firm and engagements it performs. ISQM 1 applies to all firms that perform engagements under the IAASB’s international standards. ISQM 1 replaces ISQC 1.<sup>8</sup> Firms are required to have systems of quality management designed and implemented in accordance with ISQM 1 by December 15, 2022. The [project page](#) sets out the IAASB’s discussions and other activities in completing this project. The [quality management focus area page](#) explains the changes and links to non-authoritative support materials.

### ISQM 1 – Basis for Conclusions and Fact Sheet



This document includes explanation of the IAASB’s basis for conclusions with respect to comments received on significant and other matters relating to quality management at the firm level in ED-ISQM 1.

This document introduces the significant changes to the requirements and application material relating to quality management at the firm level in ISQM 1.

**December 2020: Published Basis for Conclusions**

**December 2020: Published Fact Sheet**

<sup>7</sup> Final standard was accompanied by *Conforming Amendments to ISAs and Related Material Arising from Quality Management Projects*.

<sup>8</sup> ISQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*

## ISQM 2 – Engagement Quality Reviews (Final standard published in December 2020)



ISQM 2, *Engagement Quality Reviews*,<sup>9</sup> was finalized and published at the end of 2020. The standard deals with the appointment and eligibility of the engagement quality reviewer, and the engagement quality reviewer’s responsibilities relating to the performance and documentation of an engagement quality review. ISQM 2 applies to all engagements for which an engagement quality review is required to be performed in accordance with ISQM 1 and is effective for audits and reviews of financial statements for periods beginning on or after December 15, 2022, and other assurance and related services engagements beginning on or after December 15, 2022. The [project page](#) sets out the IAASB’s discussions and other activities in completing this project. The [quality management focus area page](#) explains the changes and links to non-authoritative support materials.

### ISQM 2 – Basis for Conclusions and Fact Sheet



This document includes explanation of the IAASB’s basis for conclusions with respect to comments received on significant and other matters relating to engagement quality reviews in ED-ISQM 2, including comments received on the requirement and application material regarding the scope of engagements subject to an engagement quality review in ED-ISQM 1.

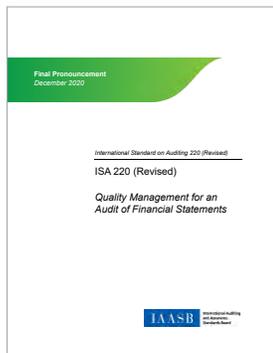
**December 2020:  
Published Basis for Conclusions**

This document introduces the significant changes to the requirements and application material relating to engagement quality reviews in ISQM 2, including those relating to the scope of engagements subject to an engagement quality review in ISQM 1.

**December 2020:  
Published Fact Sheet**

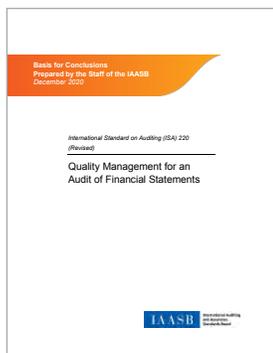
<sup>9</sup> Final standard was accompanied by *Conforming Amendments to ISAs and Related Material Arising from Quality Management Projects*.

## ISA 220 (Revised) – Quality Management at the Engagement Level (Final standard published in December 2020)



ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*,<sup>10</sup> was finalized and published at the end of 2020. The revised standard modernizes the approach to quality management at the engagement level and deals with the engagement partner and engagement team’s responsibilities for quality management for an audit of financial statements. ISA 220 (Revised) is effective for audits of financial statements for periods beginning on or after December 15, 2022. The [project page](#) sets out the IAASB’s discussions and other activities in completing this project. The [quality management focus area page](#) explains changes and links to non-authoritative support materials.

### ISA 220 (Revised) – Basis for Conclusions and Fact Sheet



This document includes explanation of the IAASB’s basis for conclusions with respect to comments received on significant and other matters relating to quality management at the engagement level in ED-ISA 220.

This document introduces the significant changes to the requirements and application material relating to quality management at the engagement level in ISA 220 (Revised).

**December 2020: Published Basis for Conclusions**

**December 2020: Published Fact Sheet**

<sup>10</sup> Final standard was accompanied by *Conforming Amendments to ISAs and Related Material Arising from Quality Management Projects*.

## Quality Management Implementation Support (Including ISQM 1, ISQM 2 and ISA 220 (Revised))

QUALITY MANAGEMENT IMPLEMENTATION SUPPORT PLAN OCTOBER 2020					
ISQM 1		ISQM 2		ISA 220 (Revised)	
Implementation Support	Proposed Timing	Implementation Support	Proposed Timing	Implementation Support	Proposed Timing
<b>Basis For Conclusions</b> Explaining the IAASB basis for conclusions with respect to comments received on the exposure draft.	December 2020	<b>Basis For Conclusions</b> Explaining the IAASB basis for conclusions with respect to comments received on the exposure draft.	December 2020	<b>Basis For Conclusions</b> Explaining the IAASB basis for conclusions with respect to comments received on the exposure draft.	December 2020
<b>First Time Implementation Guide</b> Highlighting: <ul style="list-style-type: none"> <li>How ISQM 1 fits into the Quality Management (QM) suite of standards, including:                             <ul style="list-style-type: none"> <li>Linkages with ISQM 2 and ISA 220 (Revised) and how the standards work together</li> <li>The scope of ISQM 1 (extent to which other service lines are included)</li> </ul> </li> </ul>	First Quarter 2021	<b>First Time Implementation Guide</b> Highlighting: <ul style="list-style-type: none"> <li>How ISQM 2 fits into the QM suite of standards, including:                             <ul style="list-style-type: none"> <li>The effective date</li> <li>Linkages with ISQM 1 and ISA 220 (Revised) and how the</li> </ul> </li> </ul>	First Quarter 2021	<b>First Time Implementation Guide</b> Highlighting: <ul style="list-style-type: none"> <li>How ISA 220 (Revised) fits into the QM suite of standards, including:                             <ul style="list-style-type: none"> <li>The effective date</li> <li>Overarching concepts that run through the QM standards that show up in ISA 220 (Revised)</li> </ul> </li> </ul>	First Quarter 2021

**Implementation Plans (Published in October 2020 and Updated in April 2021):** Issued to explain what implementation materials stakeholders can anticipate, topics covered, and expected timing for each of the three new and revised quality management standards

## Quality Management Standards – Video Introductions



This video introduction in English (featuring IAASB member Julie Corden) explains the key aspects of the three Quality Management Standards to help stakeholders begin their implementation efforts.

**November 2020:  
Released Video  
Introduction in English**



This video introduction in French (featuring IAASB member Isabelle Tracq-Sengeissen) explains the key aspects of the three Quality Management Standards to help stakeholders begin their implementation efforts.

**November 2020:  
Released Video  
Introduction in French**



This video introduction in Spanish (featuring IAASB member Fernando Ruiz Monroy) explains the key aspects of the three Quality Management Standards to help stakeholders begin their implementation efforts.

**November 2020:  
Released Video  
Introduction in Spanish**

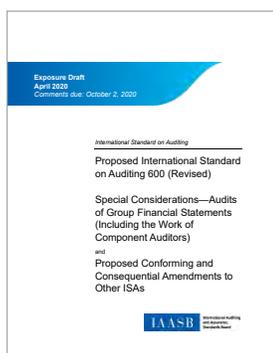
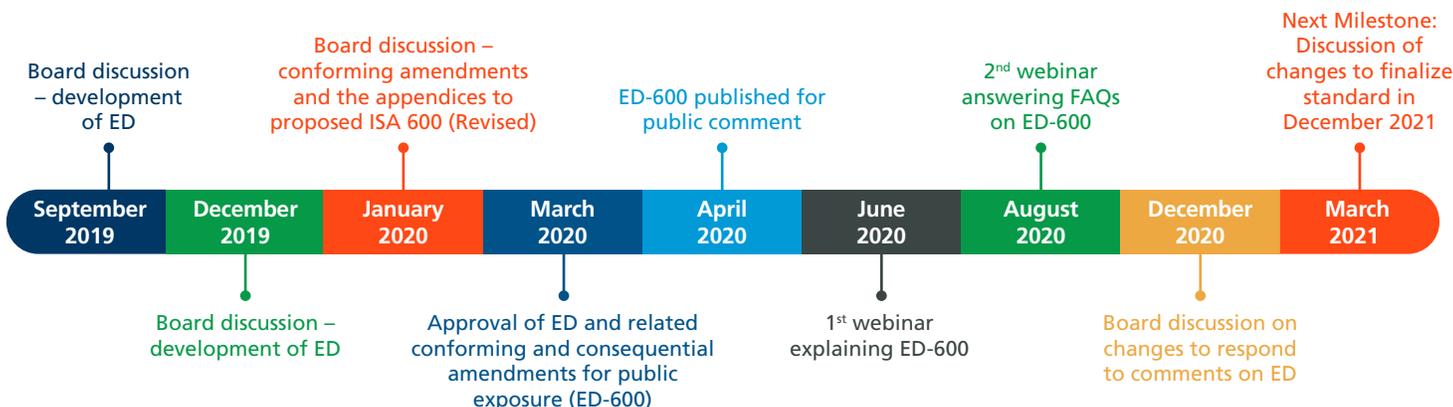


This video introduction in Chinese (featuring IAASB member Len Jui) explains the key aspects of the three Quality Management Standards to help stakeholders begin their implementation efforts.

**February 2021:  
Released Video  
Introduction in Chinese**

OUR PROJECTS COMMENCED OR ONGOING BETWEEN JULY 2019 AND DECEMBER 2020

ISA 600 (Revised) - Group Audits  
(Status: Project progressed)



The project progressed to an exposure draft (ED), *Proposed ISA 600 (Revised), Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*, which was published in April 2020 and was open for comment until October 2020. The ED introduced an enhanced risk-based approach to planning and performing a group audit, including when component auditors are involved.

Such an approach appropriately focuses the group engagement team’s attention and work effort on identifying and assessing the risks of material misstatement of the group financial statements, and designing and performing further audit procedures to respond to those assessed risks. To help users understand the proposals in the ED, we held two **public webinars**.

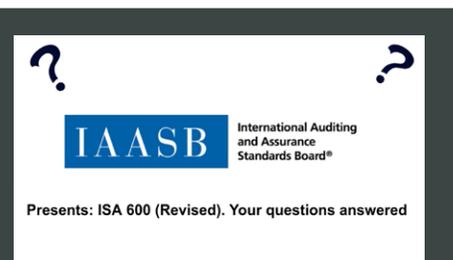
The **project page** sets out the IAASB’s discussions and other activities in progressing this project.

ED-600 Webinars



This 1<sup>st</sup> webinar in English (featuring IAASB members, Len Jui and Josephine Jackson, and IAASB staff, Jasper van den Hout) covered ED-600. It contains useful information to help stakeholders understand the background of the project and the proposed changes to ISA 600.

June 2020: Hosted 1<sup>st</sup> ED-600 Webinar in English



This 2<sup>nd</sup> webinar in English (featuring IAASB members, Len Jui and Josephine Jackson, IAASB technical advisor, Susan Jones, IAASB senior advisor, Dan Montgomery, and IAASB staff, Jasper van den Hout) answered FAQs on ED-600.

August 2020: Hosted 2<sup>nd</sup> ED-600 Webinar in English

## Separate Standard for Audits of Financial Statements of LCEs (Project commenced and progressed)

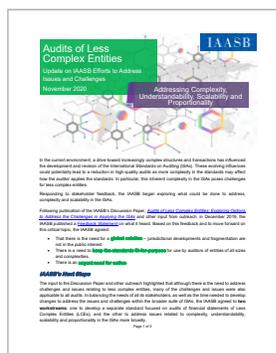


The consultation period for the Discussion Paper, *Audits of Less Complex Entities: Exploring Possible Actions to Address the Challenges in Applying the ISAs*, closed in September 2019. To respond to stakeholder views, we agreed to two workstreams—one to develop a separate standard for auditing LCEs, and one to address complexity, understandability, scalability and proportionality (CUSP) in the ISAs more broadly.

The project to develop the separate standard was progressed in 2020 and a **project proposal** for the separate standard was approved in December 2020. We also discussed an initial working draft of the LCE standard at the December 2020 IAASB meeting. In developing the working draft, we looked to how we could be more agile in our standard-setting activities and have set up a “Reference Group” to help advise us on usability and understandability as we develop the standard. The **project page** sets out details about the LCE Reference Group, the IAASB’s discussions and other activities in progressing this project.

In late 2020, we published two communiques to explain the basis for the separate standard for auditing LCEs.

### Matters Related to Audits of LCEs – Communiques



This Communique details the plan for a new separate standard for audits of LCEs, including current thinking on what the standard will look like, what entities it will apply to, and the development timeline.

**December 2020:  
Published Communique  
for Audits of LCEs**

This Communique details the plan to address complexity, understandability, scalability and proportionality, including in the audits of financial statements of LCEs.

**November 2020:  
Published Communique  
for CUSP of ISAs**

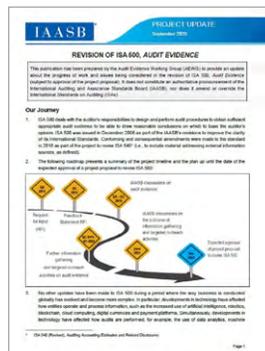
## ISA 500 (Revised) – Audit Evidence (Project progressed)



We continued our information gathering and research activities to assess the issues and define the challenges regarding audit evidence. In September 2020, a project update was issued explaining the information gathering and research activities. In December 2020, a project proposal was approved for standard-setting in relation to ISA 500. The [project page](#) sets out the IAASB’s discussions and other activities in progressing this project.



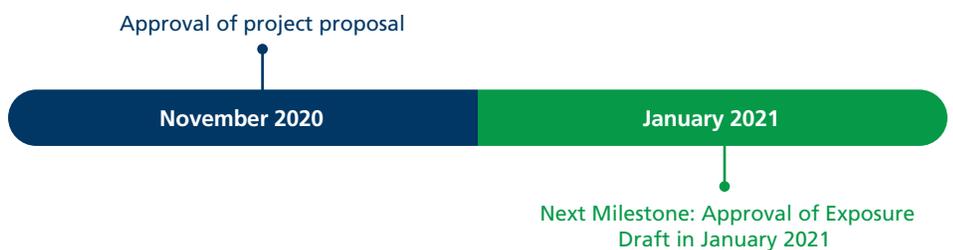
**Audit Evidence Workstream Plan (August 2019):** Outlines the plan for conducting further information-gathering and research regarding audit evidence related issues to enable the Working Group to develop recommendations to the IAASB for possible further actions



**Audit Evidence Project Update (September 2020):** Updates stakeholders about the Working Group’s information gathering activities, issues identified to date, and the way forward. The Working Group developed an initial listing of possible issues that have been categorized into three overarching topics: (1) sources of information, (2) technology, and (3) professional skepticism.

## Conforming Amendments to Other Standards Arising from Quality Management Standards (Project commenced and progressed)

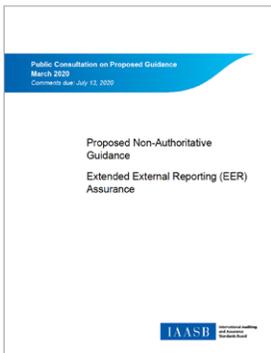
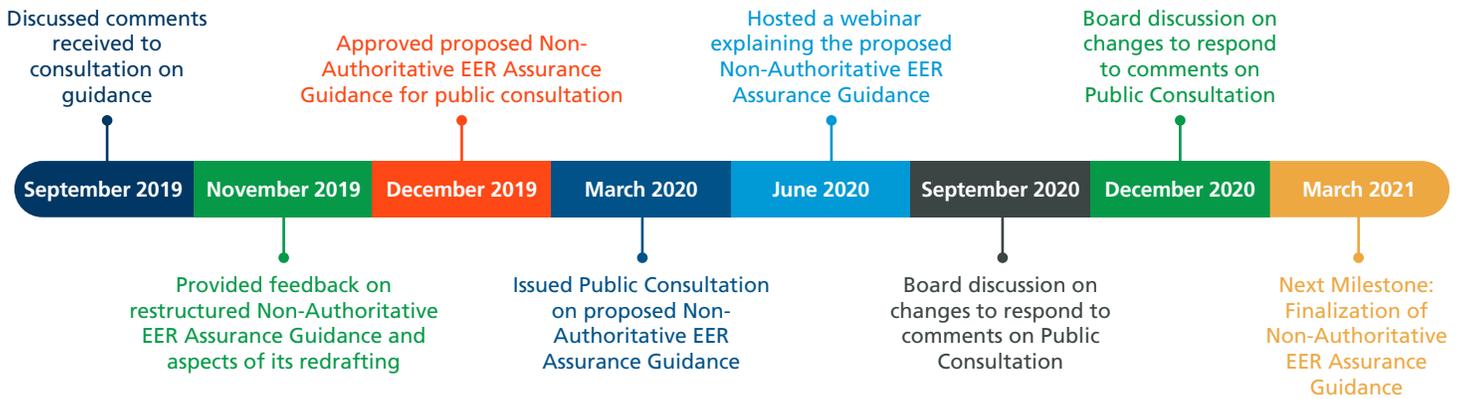
In November 2020, the IAASB approved a project proposal on the conforming amendments to other IAASB standards resulting from the new and revised quality management standards.



# Assurance on Non-Financial Information



## EER Assurance Engagements (Project progressed)



The development of **non-authoritative guidance** to apply ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, to EER assurance engagements, progressed, with a second consultation on the draft guidance undertaken from March to July 2020. The guidance will help practitioners address assurance matters related to emerging reporting issues, such as ESG and sustainability reporting.

A **webinar** to help with understanding the proposals in the consultation was held in June 2020.

The **project page** sets out the IAASB's discussions and other activities in progressing this project.

## EER Assurance Webinar

The webinar content includes a slide titled "Understanding the elements of EER reporting" which details:

- Underlying subject matter (USM):** What users want information about; information needs to aid decision-making and be reliable.
- Framework for reporting (Criteria):** Basis for preparing the subject matter information; needs to result in information that is relevant to user decision-making, complete, reliable, giving consistent results, unbiased, and understandable.
- Subject matter information (SMI):** It is the EER report content being assured; used to make decisions about an entity's performance, value, impacts, and ability to sustain itself; results from applying criteria to the underlying subject matter; needs to aid user decisions, be prepared using suitable criteria, and be free of material misstatement.

Below the slide, it states: "System of Internal Control, including Process to Prepare Subject Matter Information. Strength of governance can affect the quality of the subject matter information, and trust users have in the EER report."

This webinar in English (featuring IAASB member, Lyn Provost) covered the public consultation on the proposed Non-Authoritative EER Assurance Guidance. It explained: (1) What is meant by EER; (2) How EER Assurance engagements provide protection for the public interest; and (3) How the IAASB's proposed EER Assurance Guidance seeks to serve the public interest.

**June 2020: Hosted EER Assurance Webinar in English**

# Activities to Support Implementation of the IAASB Standards



## Technology (Ongoing)



The Technology Working Group continues to focus on the effect of technology when applying certain aspects of our current standards and providing input to other IAASB projects. We issued four Working Group publications providing guidance relating to how to apply the ISAs in light of technology developments.



**Technology Workstream Plan (August 2019):** Outlines the plan for identifying, developing and issuing non-authoritative guidance material that addresses the effect of technology when applying certain aspects of the ISAs

## Technology – Non-Authoritative Support Materials

<p><b>Technology and the Future-Ready Auditor</b> November 2019</p> <p><b>Technology Workstream Plan</b> Technology and ISA 315 (Revised 2019)</p>	<p><b>Technology – Audit Documentation</b> April 2020</p> <p><b>NON-AUTHORITATIVE SUPPORT MATERIAL RELATED TO TECHNOLOGY: AUDIT DOCUMENTATION WHEN USING AUTOMATED TOOLS AND TECHNIQUES</b></p>	<p><b>Technology Frequently Asked Questions</b> September 2020</p> <p><b>NON-AUTHORITATIVE SUPPORT MATERIAL RELATED TO TECHNOLOGY: FREQUENTLY ASKED QUESTIONS (FAQ) REGARDING THE USE OF AUTOMATED TOOLS AND TECHNIQUES IN PERFORMING AUDIT PROCEDURES</b></p>	<p><b>Technology Frequently Asked Questions</b> November 2020</p> <p><b>NON-AUTHORITATIVE SUPPORT MATERIAL RELATED TO TECHNOLOGY: FREQUENTLY ASKED QUESTIONS (FAQ)—THE USE OF AUTOMATED TOOLS AND TECHNIQUES WHEN IDENTIFYING AND ASSESSING RISKS OF MATERIAL MISSTATEMENT IN ACCORDANCE WITH ISA 315 (REVISED 2019)</b></p>
<p>This Communiqué provides an update on the IAASB's efforts to incorporate the use of technology by auditors in an ever-changing audit environment. This Communiqué also includes other news and information relevant to technology.</p>	<p>This publication provides non-authoritative support material related to the auditor's documentation when using automated tools and techniques (ATT), such as data analytics, robotics automation processes, drone technology or artificial intelligence applications. The publication intends to assist auditors in understanding how the use of ATT during an audit engagement may affect the auditor's documentation in accordance with ISA 230, <i>Audit Documentation</i>, and the documentation requirements of other relevant ISAs.</p>	<p>This publication includes non-authoritative FAQs on using ATT in performing audit procedures. This publication aims to assist auditors in understanding whether a procedure involving ATT may be both a risk assessment procedure and a further audit procedure. It also provides specific considerations when using ATT in performing substantive analytical procedures in accordance with ISA 520, <i>Analytical Procedures</i>.</p>	<p>This publication includes non-authoritative FAQs on using ATT in identifying and assessing risks of material misstatements in accordance with ISA 315 (Revised 2019). This publication aims to assist auditors to understand the types of ATT that can be used, and how they can be used, in performing risk assessment procedures. It also addresses considerations regarding the entity's use of machine learning or artificial intelligence when performing risk assessment procedures.</p>
<p><b>November 2019:</b> Published <i>Technology Communiqué</i></p>	<p><b>April 2020:</b> Published <i>Technology – Audit Documentation</i></p>	<p><b>September 2020:</b> Published <i>Technology FAQs</i></p>	<p><b>November 2020:</b> Published <i>Technology FAQs</i></p>

We also started to explore the impact of disruptive technologies, including its potential transformative effect on audit and assurance. To position the IAASB for potential disruption, we need to better understand how changes in technology are affecting the market and how standards may need to evolve to address / support these changes. This work will continue in 2021 with the aim to establish a more coherent plan regarding Technology in relation to our ongoing initiatives (including current workstreams and projects), future work plan decisions and acting on considerations in terms of the IAASB’s ways of working (see also “Innovating Our Ways of Working,” Strategic Objective (II), below).

The [project page](#) sets out the IAASB’s discussions and other activities in progressing this project.

### Professional Skepticism (Ongoing)

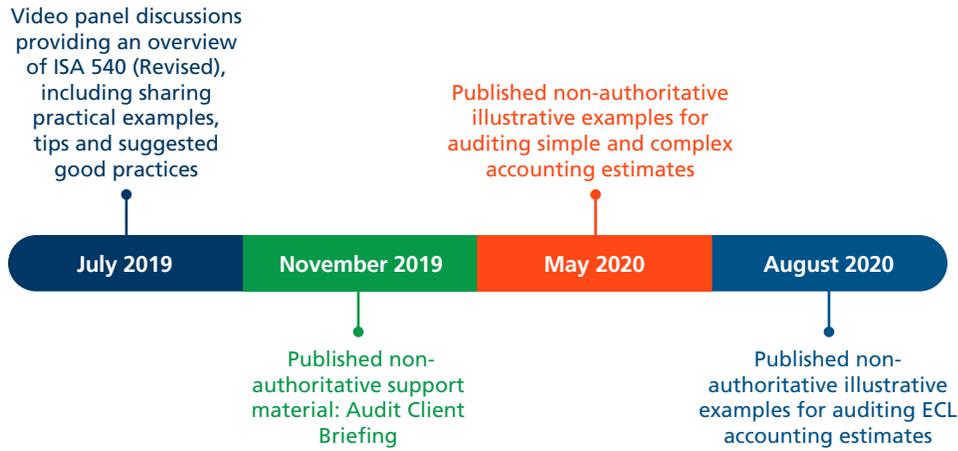
The Professional Skepticism Working Group continues to work with other task forces and working groups to input on relevant matters relating to professional skepticism on current projects. The [project page](#) sets out the IAASB’s discussions and other activities in progressing this project.



**Focus on Professional Skepticism (October 2019):** Provides an update to stakeholders on the IAASB’s efforts to appropriately reflect professional skepticism in its standards. It highlights matters relating to the exercise of professional skepticism in obtaining and evaluating audit evidence and in documenting the exercise of professional skepticism.

### ISA 540 (Revised) Implementation Support (Completed in September 2020)

We continued to provide ISA 540 (Revised) implementation materials throughout the period. We collaborated with the IFAC and the Chartered Professional Accountants of Canada in developing video panel discussions and an audit client briefing, respectively, with the aim to support implementation and help auditors navigate and apply the revised standard.



## ISA 540 (Revised) – Video Panel Discussions

**Gateway Panel Discussion**  
ISA 540 (Revised)  
Auditing Accounting Estimates  
and Related Disclosures

Video 1  
**Implementation of ISA 540 (Revised)**

**Implementation of ISA 540 (Revised):** In this video the panelists discuss what the early lessons, challenges, benefits and successes are in the implementation of ISA 540 (Revised).

July 2019: Released  
*Video Panel Discussion 1*

**Gateway Panel Discussion**  
ISA 540 (Revised)  
Auditing Accounting Estimates  
and Related Disclosures

Video 2  
**Scalability**

**Scalability:** In this video the panelists explain what has been done to bring out scalability in their methodology and the challenges encountered.

July 2019: Released  
*Video Panel Discussion 2*

**Gateway Panel Discussion**  
ISA 540 (Revised)  
Auditing Accounting Estimates  
and Related Disclosures

Video 3  
**Risk Assessment & Inherent Risk Factors**

**Risk assessment and inherent risk factors:** In this video the panelists explain what has been done to implement the inherent risk factors in their methodology and the challenges encountered.

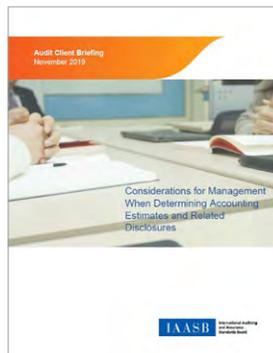
July 2019: Released  
*Video Panel Discussion 3*

**Gateway Panel Discussion**  
ISA 540 (Revised)  
Auditing Accounting Estimates  
and Related Disclosures

Video 4  
**Professional Skepticism**

**Professional skepticism:** In this video the panelists explain how their firms are planning to address the requirement to design and perform further audit procedures in a manner that is not biased towards obtaining audit evidence that may be corroborative or towards excluding audit evidence that may be contradictory and the requirement to “stand back” and evaluate audit evidence obtained.

July 2019: Released  
*Video Panel Discussion 4*



**Audit Client Briefing (November 2019):** Helps chief financial officers, other senior management responsible for financial statement preparation, and staff directly involved in determining accounting estimates aware of matters to consider in preparing for the auditor’s requests pertaining to ISA 540 (Revised)

We also developed illustrative examples for auditing simple, complex, and in particular, Expected Credit Loss (ECL) accounting estimates.



The examples illustrate accounting estimates with varying characteristics and degrees of complexity. Each example illustrates a selection of requirements from ISA 540 (Revised) and were designed to demonstrate how an auditor’s work effort, to comply with ISA 540 (Revised), may be scaled down and scaled up when auditing simple and complex accounting estimates.

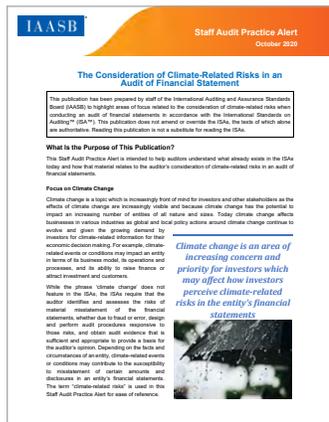
The examples illustrate how ISA 540 (Revised) may be applied in auditing accounting estimates of ECL. Each example illustrates a selection of requirements from ISA 540 (Revised) – requirements selected across each example vary to illustrate different aspects of ISA 540 (Revised) and to focus on those requirements that are most relevant to the example.

**May 2020: Published Simple and Complex Examples**

**August 2020: Published ECL Examples**

The ISA 540 (Revised) [implementation project page](#) sets out the implementation support materials that have been published.

### Staff Audit Practice Alert on Climate-Related Risks (Issued in October 2020)



Climate change is increasingly front of mind for investors and other stakeholders as its effects are increasingly visible. Given climate change’s potential to impact most, if not all entities, directly or indirectly, we issued a **Staff Audit Practice Alert** on climate-related risks, which assists auditors in understanding what already exists in the ISAs today and how it relates to auditors’ considerations of climate-related risks in an audit of financial statements.

# Information Gathering and Research

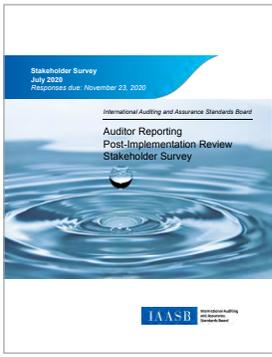
## STRATEGIC OBJECTIVE (I)

### Auditor Reporting Post-Implementation Review (PIR)

In finalizing the new and revised Auditor Reporting Standards<sup>11</sup> in 2014, we agreed to undertake a PIR at least two years after those standards became effective (they were effective for audits of financial statements for periods ending on or after December 15, 2016) to determine whether the objectives for revising and developing the standards had been met. The PIR commenced in late 2019, and in July 2020, a stakeholder survey was launched to obtain stakeholder views on the new and revised standards. The [project page](#) sets out the activities in progressing this PIR.



### Auditor Reporting PIR – Project Update and Stakeholder Survey



This Communiqué provides an update on the IAASB’s PIR of the new and revised Auditor Reporting Standards. The Communiqué also includes other news and information relating to the global implementation of the Auditor Reporting Standards.

The Survey requests stakeholders to share their experience with, and provide feedback relating to the new and revised Auditor Reporting Standards that were issued in 2015. The Survey also asks for input on stakeholder experiences with ISA 720 (Revised), *The Auditor’s Responsibilities Relating to Other Information*.

**January 2020: Published Project Update**

**July 2020: Conducted Stakeholder Survey**

<sup>11</sup> The Auditor Reporting Standards comprise: ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*; ISA 701, *Communicating Key Audit Matters in the Independent Auditor’s Report*; ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor’s Report*; ISA 706 (Revised), *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor’s Report*; ISA 570 (Revised), *Going Concern*; ISA 260 (Revised), *Communication with Those Charged with Governance*; and conforming amendments to other ISAs.

## CUSP Workstream and Audits of LCEs



As noted above in the project on developing a separate standard for LCEs, to respond to stakeholder views from the Discussion Paper, *Audits of Less Complex Entities: Exploring Possible Options to Address the Challenges in Applying the ISAs*, we agreed to progress two workstreams: (1) **Audits of LCEs Workstream** addressing the development of a separate standard

for audits of financial statements of LCEs (see project above); and (2) **CUSP Workstream** addressing CUSP in the ISAs more broadly.

In July 2019, we published a webinar on the matters set out in the Discussion Paper in English, Spanish and French.

## Matters Related to Audits of LCEs – Webinars



This audits of LCEs webinar in English (featuring IAASB member Roger Simnett) discussed the challenges and possible actions that the IAASB explored in its Discussion Paper, which closed for public comment on September 12, 2019. Listeners and stakeholders were also encouraged to share their thinking with the IAASB on LCEs through IFAC's survey on issues relating to audits of LCEs.

July 2019: Hosted *Audits of LCEs Webinar in English*



This audits of LCEs webinar in French (featuring IAASB member Isabelle Tracq-Sengeissen) discussed the challenges and possible actions that the IAASB explored in its Discussion Paper, which closed for public comment on September 12, 2019. Listeners and stakeholders were also encouraged to share their thinking with the IAASB on LCEs through IFAC's survey on issues relating to audits of LCEs.

July 2019: Hosted *Audits of LCEs Webinar in French*



This audits of LCEs webinar in Spanish (featuring IAASB member Fernando Ruiz Monroy) discussed the challenges and possible actions that the IAASB explored in its Discussion Paper, which closed for public comment on September 12, 2019. Listeners and stakeholders were also encouraged to share their thinking with the IAASB on LCEs through IFAC's survey on issues relating to audits of LCEs.

July 2019: Hosted *Audits of LCEs Webinar in Spanish*

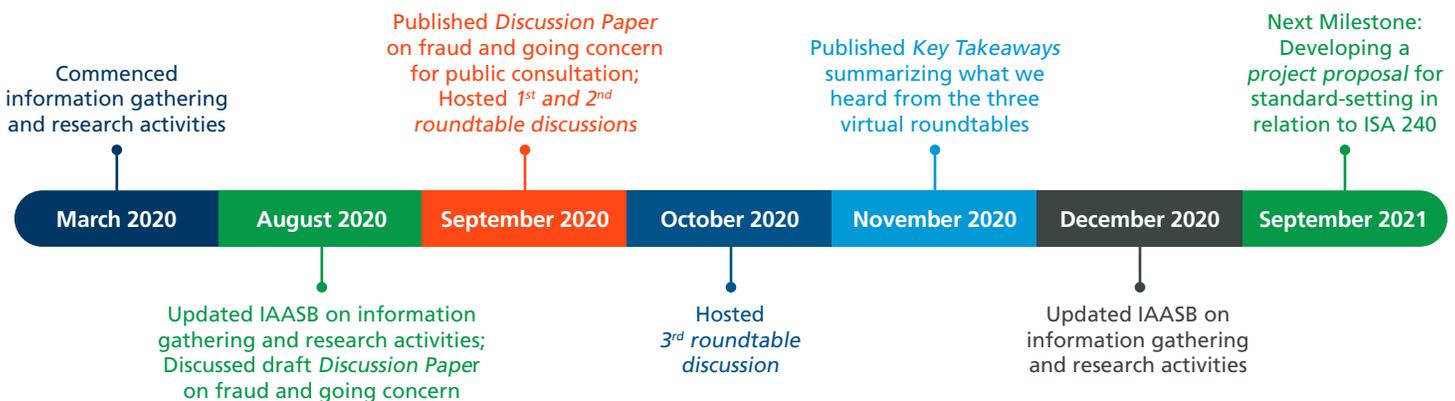
A feedback statement summarizing responses to the Discussion Paper, and other outreach, was published in December 2019. The CUSP workstream continues to progress its information gathering and research activities with regard to complexity, understandability, scalability and proportionality.



**Feedback Statement and Way Forward (December 2019):** Provides an overview of the key messages from the responses to our Discussion Paper, *Audits of Less Complex Entities: Exploring Possible Options to Address the Challenges in Applying the ISAs*, and related outreach activities

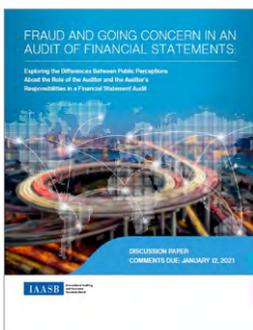
The [project page](#) sets out the IAASB's discussions and other activities in progressing the information gathering and research activities.

## Fraud



Work commenced in early 2020 to further consider the issues and challenges related to applying ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, in light of the changing environment, jurisdictional developments and changing public expectations.

In undertaking information gathering and research activities, we agreed more was needed to understand the issues and challenges, and we issued a Discussion Paper, *Fraud and Going Concern in an Audit of Financial Statements: Exploring the Differences Between Public Perceptions About the Role of the Auditor and the Auditor's Responsibilities in a Financial Statement Audit*. The Discussion Paper was published in September 2020 and open for comments until early 2021.



**Discussion Paper (September 2020):** Sets out the issues and challenges related to the expectation gap (i.e., in general terms, the difference between what users of financial statements expect from the auditor and the audit, and the reality of what an audit is) and explores some possible actions that the IAASB could undertake to help narrow the expectation gap (without favoring or committing to any specific actions at this stage).

In September and October 2020, we also held three virtual roundtables relating to fraud focused on technology, the expectation gap, and LCEs.

## Fraud and Going Concern – Roundtable Discussions



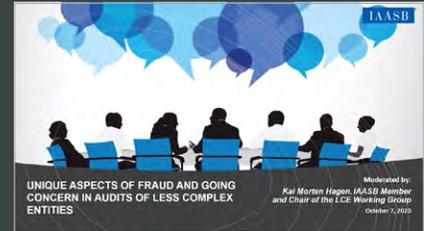
On September 1, 2020, the IAASB hosted the 1st of the roundtable series on fraud and going concern, which was focused on the impact of technology advancements on fraud perpetration and detection. This event was moderated by Fiona Campbell, IAASB Deputy Chair, and virtually attended by 52 participants, IAASB members, official and staff observers. Participants included forensic auditors, financial statement auditors, fraud audit methodology experts, third party audit solution companies, regulators, academics, and public sector representatives.

**September 2020: Hosted 1<sup>st</sup> Roundtable Discussion in English**



On September 28, 2020, the IAASB hosted the 2nd of the roundtable series on fraud and going concern, which was focused on the “expectation gap,” or differences between public perceptions and the auditor’s responsibilities for fraud and going concern. This event was moderated by Fiona Campbell, IAASB Deputy Chair, and virtually attended by 58 participants, IAASB members, official and staff observers. Participants included investors, analysts, corporate governance experts, audit firms, academics, regulators, public sector representatives, and select others.

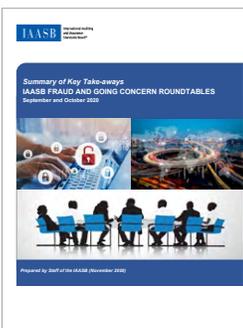
**September 2020: Hosted 2<sup>nd</sup> Roundtable Discussion in English**



On October 7, 2020, the IAASB hosted the 3rd of the roundtable series on fraud and going concern, which was focused on audits of LCEs. This event was moderated by Kai Morten Hagen, IAASB Member and Chair of the LCE Working Group, and virtually attended by 44 participants, IAASB members, official and staff observers. Participants included auditors, audit methodology experts, and representatives of third-party audit solution companies and professional accountancy bodies.

**October 2020: Hosted 3<sup>rd</sup> Roundtable Discussion in English**

In November 2020, we published a **feedback statement** summarizing what we had heard at these roundtables.



**Summary of Key Take-aways (November 2020):** Summarizes what we heard from the roundtables with experts and leaders exploring issues and challenges related to fraud and going concern. These roundtables focused on: (1) The impact of technology advancements on fraud perpetration and detection; (2) The “expectation gap,” or differences between public perceptions and the auditor’s responsibilities for fraud and going concern; and (3) Fraud and going concern in audits of LCEs.

The **project page** sets out the IAASB’s discussions and other activities in progressing the information gathering and research activities.

## Going Concern

Work commenced in early 2020 to further consider the issues and challenges related to applying ISA 570 (Revised), *Going Concern*, in light of the changing environment, jurisdictional developments and changing public expectations.



In undertaking information gathering and research activities, we agreed more was needed to understand the issues and challenges, and we issued a Discussion Paper, *Fraud and Going Concern in an Audit of Financial Statements: Exploring the Differences Between Public Perceptions About the Role of the Auditor and the Auditor’s Responsibilities in a Financial Statement Audit*. The Discussion Paper was published in September 2020 and was open for comments until early 2021.

Two of the three virtual roundtables noted for fraud also included discussions on going concern (expectation gap and LCEs). In November 2020, we published a **feedback statement** summarizing what we had heard at these roundtables.

The **project page** sets out the IAASB’s discussions and other activities in progressing the information gathering and research activities.

# OUR COVID-19 RESPONSE

## Overall Approach

Like everyone, the IAASB adapted rapidly to the COVID-19 pandemic. We describe our COVID-19 approach as “Assist, Adapt, Coordinate.” [The COVID-19 response focus area page](#) includes resources, assembled by the IAASB staff, to help our stakeholders, and the larger accounting community, navigate some of the challenges arising from the COVID-19 pandemic.

### OUR COVID-19 APPROACH



## Leadership Statements

At the onset of the pandemic, our chair and technical director highlighted the measures we had undertaken to assist, adapt and collaborate with our key stakeholders.

In addition, the IESBA chair and our chair issued a joint message. In it, they reaffirmed our collective commitment to continuing our work, albeit virtually, and seizing opportunities to adapt how we work, and what we work on, considering global needs and priorities. They emphasized that now is not the time to relax the commitment to the public interest.



Joint Message From the Chairs of the IAASB and the IESBA



<p><b>IAASB Chair Update on the Board's COVID-19 Response</b></p>	<p><b>IAASB Technical Director Update on COVID-19 Response</b></p>
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# Assist

## Staff Audit Practice Alerts

A core element of the IAASB's COVID-19 response is the development of a series of specific COVID-19 audit related resources to help our stakeholders, and the larger accountancy community, navigate the application of the ISAs in the environment impacted by the COVID-19 pandemic. To date, the IAASB published six Staff Audit Practice Alerts, which address:



### Areas of Focus in COVID Environment

**IAASB** Staff Audit Practice Alert March 2020 COVID-19

**Highlighting Areas of Focus in an Evolving Audit Environment Due to the Impact of COVID-19**

Global developments relating to the COVID-19 pandemic have also impacted the work of auditors. Uncertainty and unpredictability may create risks of material misstatement that are new, or elevated, in the circumstances. When planning the audit, auditors may have to consider these risks or may have considered different risks differently.

Entities being audited are adjusting to the changing environment relating to their business and operations, including financial reporting processes, disclosures and related matters, and their ability to maintain operations in the foreseeable future.

Summary auditors have to adjust their audit objectives, appropriate audit procedures on which to base the audit, address any changes relating to various other things, access to books or information, ongoing the documentation and assessment of certain risks of material misstatement, and changing internal control processes or processes of internal or external audit procedures may be appropriate. Auditors may also face the current circumstances, being applications to large clients, for example, for being more, or being the use of existing technology resources.

Lastly, other changes in the environment and related reporting chain may also impact the audit, such as changes in the applicable financial reporting standards, change in laws or regulations, or new transactions for the entity to be audited.

Changes in laws and related auditors are publishing their work with reasonable time to respond to the changing environment, for example by considering quality control policies and procedures relating to detection and assessment of engagement risks and the nature of their work. As the engagement team, auditors should have assigned members of the possibility of fraud or error, including fraudulent financial reporting, with the importance of the nature of professional skepticism top of mind in performing audit procedures.

The following highlights some of the more significant areas that may need to be further considered in designing and performing audit procedures to obtain sufficient appropriate audit evidence, and to report accordingly.

**IAASB** pandemic Global COVID-19

Highlights some of the broader areas that may need to be further considered in designing and performing audit procedures to obtain sufficient appropriate audit evidence, and to report accordingly

### Going Concern

**IAASB** Staff Audit Practice Alert April 2020 COVID-19

**Going Concern in the Current Evolving Environment—Audit Considerations for the Impact of COVID-19**

This publication has been prepared to highlight key areas of focus in the current environment when performing audit procedures relating to going concern in accordance with the International Standards on Auditing (ISAs). This publication does not constitute an ISA, nor does it constitute an authoritative pronouncement. This publication is not a substitute for reading the ISAs.

Planning, design, implementation and performance of audit procedures relating to going concern, as well as the reporting of the results of those procedures, are affected by the current environment. This publication highlights key areas of focus in the current environment when performing audit procedures relating to going concern in accordance with the ISAs.

The Staff Audit Practice Alert focuses on the implications of the COVID-19 pandemic for the auditor's work relating to going concern, including the general requirements:

- Management and the auditor's responsibilities in relation to going concern.
- Key audit matters (KAMs) in relation to going concern.
- Procedures beyond management's assessment.
- Additional procedures required when events or conditions are identified that cast doubt on the entity's ability to continue as a going concern.
- Implications for the auditor's report and the auditor's consideration of Other Information, and
- Significant delays in the approval of financial statements.

In planning, design, implementation and performance of audit procedures relating to going concern, the auditor's work may be affected by the current environment. This publication highlights key areas of focus in the current environment when performing audit procedures relating to going concern in accordance with the ISAs.

Highlights key areas of focus when undertaking procedures relating to, and concluding on, the appropriateness of management's use of the going concern basis of accounting in accordance with the ISAs

### Subsequent Events

**IAASB** Staff Audit Practice Alert May 2020 COVID-19

**Subsequent Events in the Current Evolving Environment—Audit Considerations for the Impact of COVID-19**

This publication has been prepared to highlight key areas of focus in the current environment when performing audit procedures relating to subsequent events in accordance with the International Standards on Auditing (ISAs). This publication does not constitute an ISA, nor does it constitute an authoritative pronouncement. This publication is not a substitute for reading the ISAs.

Planning, design, implementation and performance of audit procedures relating to subsequent events, as well as the reporting of the results of those procedures, are affected by the current environment. This publication highlights key areas of focus in the current environment when performing audit procedures relating to subsequent events in accordance with the ISAs.

The Staff Audit Practice Alert focuses on the implications of the COVID-19 pandemic for the auditor's work relating to subsequent events, including the general requirements:

- Those that provide evidence of conditions that existed at the date of the financial statements.
- Those that provide evidence of conditions that arose after the date of the financial statements.

As disclosed in ISAs 560, many financial reporting frameworks refer to events that occur after the date of the financial statements as subsequent events. The reporting framework (ISAs) 560, Events After the Reporting Period, details the treatment of the financial statements and events that occur between the date of the financial statements and the date when the financial statements are authorized for issue.

Highlights key areas of focus when undertaking procedures relating to subsequent events in accordance with the ISAs

### Auditor Reporting

**IAASB** Staff Audit Practice Alert May 2020 COVID-19

**Auditor Reporting in the Current Evolving Environment Due to COVID-19**

This publication has been prepared to highlight key areas of focus in the current environment when performing audit procedures relating to auditor reporting in accordance with the International Standards on Auditing (ISAs) and International Standards on Reporting (ISRs) 2410, Review of Period Financial Statements Issued by the Reporting Entity's Auditor. This publication does not constitute an ISA, nor does it constitute an authoritative pronouncement. This publication is not a substitute for reading the ISAs and ISRs.

This Staff Audit Practice Alert is intended only to address auditor reporting in relation to the current environment. It is not intended to address auditor reporting in relation to the current environment. It is not intended to address auditor reporting in relation to the current environment.

The effects of the COVID-19 pandemic have significant global implications for economies, markets and businesses, including volatility and possible material uncertainties. In such unpredictable circumstances, auditors are advised to be aware of these conditions and to be alert to the potential impact for auditor and external review reports, which are used to communicate audit opinions or review conclusions, respectively, to interested parties. Appropriate actions will depend on the specific engagement circumstances.

The Staff Audit Practice Alert highlights potential implications for auditor and external review reports arising from the current environment, including:

- Modifications to the auditor's opinion due to material misstatement of the financial statements or an inability to obtain sufficient appropriate audit evidence.
- Material uncertainties relating to going concern.
- Implications for the audit results (ISAs) and/or separate of audit (ISRs) reports, and
- Reporting implications for external review engagements, when the auditor of the financial statements is also performing the external review.

**Information on the Financial Statements and the Auditor's Report Thereon**

Management's Responsibilities for the Preparation of the Financial Statements

Management is responsible for preparing the financial statements in accordance with the applicable financial reporting framework. Management must make judgements and exercise significant judgement regarding amounts and disclosures within the financial statements.

Highlights key areas of focus relevant to auditor reporting in accordance with the ISAs, including modifications to the auditor's opinion, Key Audit Matters (KAMs), and other paragraphs

### Accounting Estimates

**IAASB** Staff Audit Practice Alert June 2020 COVID-19

**Auditing Accounting Estimates in the Current Evolving Environment Due to COVID-19**

This publication has been prepared to highlight key areas of focus in the current environment when performing audit procedures relating to accounting estimates in accordance with the International Standards on Auditing (ISAs). This publication does not constitute an ISA, nor does it constitute an authoritative pronouncement. This publication is not a substitute for reading the ISAs.

Planning, design, implementation and performance of audit procedures relating to accounting estimates, as well as the reporting of the results of those procedures, are affected by the current environment. This publication highlights key areas of focus in the current environment when performing audit procedures relating to accounting estimates in accordance with the ISAs.

The Staff Audit Practice Alert focuses on the implications of the COVID-19 pandemic for the auditor's work relating to accounting estimates, including the general requirements:

- Management's responsibility for accounting estimates and related disclosures.
- Management's responsibility for the recognition and measurement of accounting estimates and related disclosures in accordance with the applicable financial reporting framework.
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Management's Responsibility for Accounting Estimates and Related Disclosures

Management is responsible for the recognition and measurement of accounting estimates and related disclosures in accordance with the applicable financial reporting framework. Financial reporting frameworks often require financial reporting information to be based on estimates and measurements, or disclosures, in the financial statements. Because of this, the accounting estimates are a fundamental part of the financial statements for many entities.

Given the uncertainties created by the COVID-19 pandemic, it is likely to have implications for management to determine the assumptions and obtain the data used to develop accounting estimates, in particular future cash flows. The impact of these uncertainties on the audit process and the audit conclusions, respectively, could also result in changes to the audit approach.

Highlights key areas of focus when undertaking audit procedures relating to accounting estimates and related disclosures in accordance with the ISAs

### Interim Reporting

**IAASB** Staff Audit Practice Alert June 2020 COVID-19

**Review Engagements on Interim Financial Information in the Current Evolving Environment Due to COVID-19**

This publication has been prepared to highlight key areas of focus in the current environment when performing audit procedures relating to interim financial information in accordance with International Standards on Review Engagements (ISREs) 2410, Review of Period Financial Statements Issued by the Reporting Entity's Auditor. This publication does not constitute an ISA, nor does it constitute an authoritative pronouncement. This publication is not a substitute for reading the ISREs.

Planning, design, implementation and performance of audit procedures relating to interim financial information, as well as the reporting of the results of those procedures, are affected by the current environment. This publication highlights key areas of focus in the current environment when performing audit procedures relating to interim financial information in accordance with the ISREs.

The Staff Audit Practice Alert focuses on the implications of the COVID-19 pandemic for the auditor's work relating to interim financial information, including the general requirements:

- Management's responsibility for interim financial information and related disclosures.
- Management's responsibility for the recognition and measurement of interim financial information and related disclosures in accordance with the applicable financial reporting framework.

Management's Responsibility for Interim Financial Information and Related Disclosures

Management is responsible for the recognition and measurement of interim financial information and related disclosures in accordance with the applicable financial reporting framework. Financial reporting frameworks often require interim financial reporting information to be based on estimates and measurements, or disclosures, in the financial statements. Because of this, the accounting estimates are a fundamental part of the financial statements for many entities.

Given the uncertainties created by the COVID-19 pandemic, it is likely to have implications for management to determine the assumptions and obtain the data used to develop accounting estimates, in particular future cash flows. The impact of these uncertainties on the audit process and the audit conclusions, respectively, could also result in changes to the audit approach.

Highlights key matters for consideration when undertaking a review of interim financial information in accordance with ISRE 2410, including the auditor's work effort and reporting considerations

## Adapt



Not only have we had to help others in challenging circumstances, we had to pivot and adjust the way we operate too. Our IAASB meetings, and task force and other meetings, have all gone virtual. This enabled further connection with our stakeholders, and we now stream all of our public meetings on YouTube—the success of this effort is demonstrated by our 600+ YouTube subscribers at the end of 2020.

As the environment continued to change, and we adjusted our way of operating, the allocating of resources and responding to our stakeholders, we had to rethink our priorities and focus on our key projects. This resulted in changes to the original published [Work Plan for 2020–2021](#).



**Revised Detailed Work Plan Table for 2020-2021 (January 2021):** Sets out a description of the changes we made and the revised timelines for 2021 (as applicable) to account for COVID-19’s impact on the IAASB’s work, our staff capacity to deliver, and the capacity of our stakeholders to participate in consultations and to implement new standards

## Coordinate



We also remain closely linked with all our stakeholders—working with our national standard-setting stakeholders, firms and the IESBA to coordinate efforts and monitor developments. We also had regular discussions with regulatory authorities and the PIOB about changes we were making to adjust.

In October 2020, the staff of the American Institute of Certified Public Accountants, the IESBA and the IAASB jointly released a publication highlighting the relevant ethical considerations for accountants when thinking about using a specialist, as well as circumstances that indicate a need for a specialist during an audit of financial statements. In December 2020, the staff of the South African Independent Regulatory Board for Auditors, the IESBA and the IAASB jointly released a publication highlighting the heightened risks of fraud arising from the disruptive and uncertain COVID-19 environment and the implications for professional accountants in business, including accountants in government, and professional accountants in public practice, including auditors.

### COVID-19 – Joint Staff Publications



This publication highlights relevant ethical considerations for accountants when thinking about using a specialist, as well as circumstances that indicate a need for a specialist during an audit of financial statements.

**October 2020: Published Joint Staff Publication**

This publication highlights the heightened risks of fraud arising from the disruptive and uncertain COVID-19 environment and the implications for professional accountants in business, including accountants in government, and professional accountants in public practice, including auditors.

**December 2020: Published Joint Staff Publication**

We are pleased to report that we have received positive feedback on our quick and substantial response to support auditors from our national standard setter and other key stakeholders, all with which we are closely interacting.

# INNOVATING OUR WAYS OF WORKING



## STRATEGIC OBJECTIVE (II)

The IAASB remains committed to enhancing and strengthening our processes, which is critical to our success, and will enable our standards to remain relevant, robust and operable. This can be accomplished through a focus on strengthening and broadening our agility, capabilities and capacity. We have:

1. Moved to a virtual environment and adapted accordingly. Embracing technology and how it can help greatly supported new ways of working and ensured that we were able to progress our work in unprecedented times, while remaining responsive to stakeholder needs.
2. Continued in 2020 to develop our Framework for Activities, which was an integral part of the Strategy and Work Plan that was approved in December 2019. The Framework for Activities describes our processes and procedures for selecting and prioritizing specific activities to deliver on our committed actions.<sup>12</sup> Although not formally adopted by the IAASB in 2020, many of the processes and procedures therein were applied in undertaking our activities.
3. Following the release of the Monitoring Group's paper, *Strengthening the International Audit and Ethics Standard-Setting System*, the IAASB and the IESBA, together with the PIOB and other stakeholders, started work on developing a transition plan that will enable a timely implementation of the recommendations. In particular, we welcome the opportunity these reforms present in relation to the composition and governance of the IAASB, renewed focus on the public interest, the IAASB's and the IESBA's Terms of Reference, and our due process and operating procedures.
4. Started to explore the impact of disruptive technologies as already noted in relation to our Technology workstream above (see activities relating to Strategic Objective (I)). Our work in this area would also be relevant in terms of innovating our ways of working, for example, in relation to the standard setting process and those involved in such process (including matters relating to the Board and staff skills and expertise, utilizing external expertise or advisory groups, and potentially leveraging technology to improve our processes and operating procedures).
5. Explored how to progress projects in a more agile way - see the innovations we have adopted in the development of a separate standard for LCEs project.

## Roundtable Discussion on Disruptive Technologies



November 2020: Hosted  
*Technology Roundtable  
Discussion in English*

To obtain broader views on the key takeaways from the research work and the IAASB's possible next actions, we facilitated a Disruptive Technologies roundtable on November 30, 2020, which included participants from varying parts of the global audit and assurance ecosystem (i.e., regulators, national standard setters, preparers, public accountancy organizations, some IAASB members).

Based on the initial research work undertaken and responses from the whiteboarding sessions, we identified certain technology innovations which were common across the key takeaways and invited the innovators behind those technologies to share more about the technology and to answer questions about it.

<sup>12</sup> The IAASB agreed to adopt the Framework for Activities in early 2021 and for it to be published once the final version is cleared by the Planning Committee. The Framework for Activities is a 'living document' and will be updated from time to time, as appropriate, and having due regard to the process to change this document.

# OUR OUTREACH AND COLLABORATION

The IAASB remains committed to a rigorous program of international outreach, including regular interactions with key stakeholder groups in promoting adoption and effective implementation of the ISAs and other IAASB standards, and understanding the issues that affect our standards. Our stakeholders bring their unique perspectives to our standard-setting activities and our information-gathering efforts on new topics. It is important during the development process of standards, as well as after their finalization, to maintain an active dialogue with all parties that have an interest in using them.

The IAASB has ongoing liaison with many key stakeholders, including:



We meet annually with our NSS Liaison Group to discuss topics of mutual interest, which helps us identify opportunities for collaboration and resource sharing. We are also considering how to enhance our collaboration activities with the NSS representatives.

Each year we conduct a number of country visits, which typically involve meetings with regulators, NSS and IFAC Professional Accountancy Organization members, as well as auditors, users and preparers, and one-on-one meetings with policymakers and investor groups. As the COVID-19 pandemic limited our ability for any in-person visit, we changed how we engaged with our key stakeholders around the world. In previous reports, this map would show the breadth of our international travel and outreach; this version demonstrates the breadth of our outreach overall, both in-person meetings and events before the pandemic and virtual equivalents.



The COVID-19 pandemic dictated that we pivot our activities to conducting stakeholder engagements almost exclusively through videoconferencing (also see “our COVID-19 response” earlier in this report). Despite the effects of the COVID-19 pandemic, we continued to be connected with our stakeholders around the world through virtual outreach events. The IAASB’s general outreach program and project-specific and other targeted outreach activities remain key to fulfilling our standard-setting mandate.

For purposes of this report, taking into account the effects of the COVID-19 pandemic, outreach activities within a region and country visits include both events held in-person and events undertaken virtually during the period under review. In the case of the latter, the region or country is indicated by the location of the parties with whom we engaged. Outreach activities with global organizations, whether in-person or virtual, have been classified as “Global” as in previous reports.

The IAASB engaged in 111 outreach activities for the second half of 2019, and 231 outreach activities for the calendar year 2020. These included in-person and virtual meetings with stakeholders in global, regional and local jurisdictions. A comprehensive summary of our outreach activities for each quarter is included in Agenda Item 1 in the Agenda Papers for [IAASB meetings](#).

**IAASB Global Outreach Activities (July 1, 2019 to December 31, 2020)**  
**342 Outreach Activities in Global, Regional and Local Jurisdictions**



## Coordination Efforts with Other International Standard Setters

### Coordination Activities with IESBA

Our coordination activities with IESBA involve proactive collaboration and transparent and timely communications between staff and members of the two boards to determine and address matters of mutual impact.

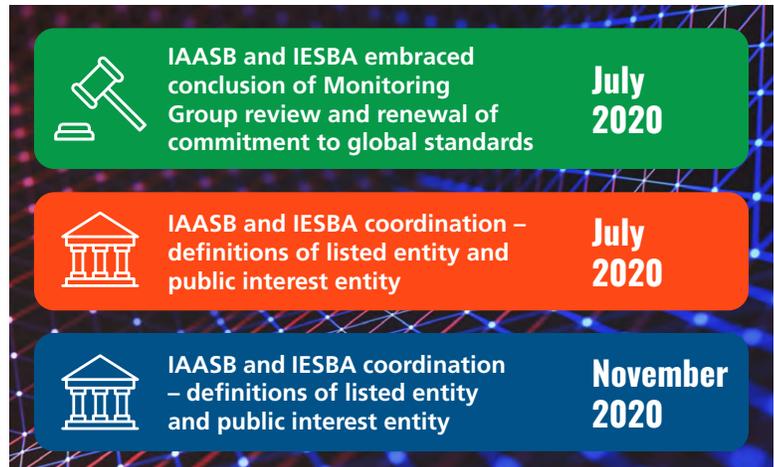
In September 2019, the IAASB considered proposals by the IESBA Fees Task Force and discussed how such changes may affect overlapping requirements within the ISAs. At the same time, we held the third annual joint IAASB-IESBA plenary meeting, where the two boards discussed coordination matters and principles for acting on coordination in relation to current and future strategy and work plan activities. There was a commitment to ensure that issues relating to public interest, strategic matters and common interest of the two boards are addressed.

In October 2019, the IAASB and the IESBA gave more visibility to their coordination efforts by issuing a [public communication](#) to highlight the coordination efforts between the two boards.

- September 2019**: IAASB and IESBA coordination – fees proposal
- September 2019**: Third annual joint IAASB-IESBA plenary meeting
- October 2019**: IAASB and IESBA pledged stronger alliance at third annual joint plenary meeting

In July 2020, the IAASB and the IESBA welcomed the Monitoring Group's Paper: *Strengthening the International Audit and Ethics Standard-Setting System*, aimed at enhancing governance arrangements of the two boards. The enhancements reflected in the Monitoring Group's Paper will support the boards' core mission to promulgate high-quality international audit, assurance, related services and ethics standards for the accountancy profession, for worldwide application and developed in the public interest.

During 2020, there was close coordination between the IESBA and the IAASB in relation to IESBA's project, *Definitions of Listed Entity and Public Interest Entity* (PIE). After approval of the project proposal in December 2019, two IAASB correspondent members have participated in the PIE Task Force, including the development of relevant Task Force proposals. The project benefited from two IAASB discussions at Board meetings in July and November 2020 to provide feedback on the proposals, as well as joint IAASB-IESBA NSS and CAG sessions in May and October 2020, respectively. In addition to providing feedback on the proposals more broadly, IAASB members have focused on key areas of particular relevance to the IAASB in considering any implications for, and the way forward in relation to the IAASB's International Standards.



## Liaison Activities with the International Accounting Standards Board (IASB)

We continue our two-way coordination with the IASB providing input on the audibility and verifiability of new and revised International Financial Reporting Standards, thereby contributing to the quality of financial reporting.

In October 2020, we provided [comments](#) on the IASB's ED, *General Presentation and Disclosures*, and in December 2020, we provided [comments](#) on the IASB's Discussion Paper, *Business Combinations–Disclosures, Goodwill and Impairment*. These comments were developed by the IAASB's IASB Liaison Working Group, which focuses on audibility or verifiability arising from the IASB's proposals.

The [project page](#) sets out our formal responses to the IASB's consultations.



# OUR PRESS AND SOCIAL MEDIA ENGAGEMENT



STRATEGIC OBJECTIVE (III)

## Interviews, Speeches and Press Mentions in Key Publications

### Interviews with JICPA and KEIEIZAIMU

In July 2019, IAASB Chair Tom Seidenstein was interviewed by JICPA Chair and President Aiko Sekine on his new position as IAASB chair, including his vision for the IAASB amid the current situation in the auditing profession, as well as the goals, challenges and themes in the IAASB's next strategy and Japan's importance to international audit and assurance standard setting. Tom was also interviewed by KEIEIZAIMU, a weekly financial accounting magazine, on the IAASB's current and future projects and his insights about the challenges and opportunities in leading a unique international organization like the IAASB. This interview was published in KEIEIZAIMU's September 23, 2019 edition.



Mr. Seidenstein



Ms. Sekine

**“The IAASB’s work developing and maintaining high-quality standards consistent with the public interest is vital to ensuring confidence in the world economy. However, the IAASB cannot act alone. Our success depends on collaboration with our global stakeholders—and I’m looking forward to the dialogue with Japanese leaders.”**

*– Tom Seidenstein, IAASB Chair*

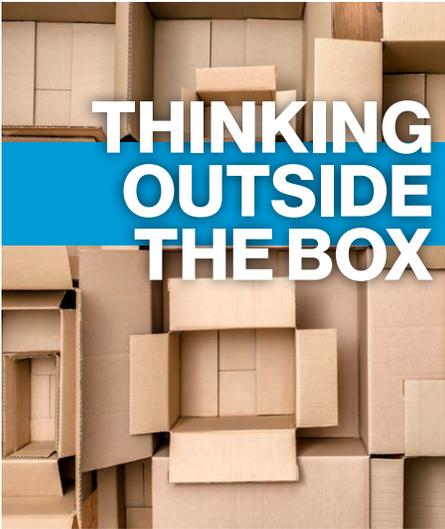


### Institute of Chartered Accountants of England and Wales (ICAEW) Conference: The Future of International Standard Setting

In October 2019, Tom delivered a speech at the ICAEW Audit Conference: Reflect, Reform, Refocus. The speech highlighted the IAASB's vision to be viewed as a highly responsive independent standard setter with three key characteristics.

**“...the IAASB could play a helpful role in securing this reality. This is a vision where the IAASB is seen as a highly responsive independent standard-setter with three key characteristics: First, we will operate with a high degree of public accountability and responsiveness. Second, the IAASB will help to innovate the processes to make standard-setting much more agile than it is today. Third, we will play our part to increase the level of engagement among the various components in the financial reporting ecosystem.”**

*– Tom Seidenstein, IAASB Chair*



## Interview with Association of Chartered Certified Accountants (ACCA)

The ACCA published an [interview](#) with Tom in December 2019:

**New IAASB chair Tom Seidenstein is aiming high. While ensuring the board has the right mix of projects, he also plans more tools for the toolbox.**

**“...millennials and the next generation are attracted to fields where there’s a sense of purpose and a pursuit of truth. Standard-setters should enable that. We have to write standards that are clear, understandable and implementable. We also have to be agile enough that as new issues arise, we are able to take them onto our agenda quickly and respond rapidly.”**

*– Tom Seidenstein, IAASB Chair*

## Bloomberg’s Financial Accounting News: Auditors Face Global Overhaul in How They Patrol Their Work



In December 2019, the IAASB’s quality management projects were featured in [Bloomberg’s Financial Accounting News](#).

**“The proposed revisions respond to concerns about audit quality around the world and pressure from stakeholders and regulators that the largest global network firms need to do more and smaller firms need more flexibility. Instead of a checklist of requirements that apply to all firms, the Board has proposed a more risk-based approach. Each firm would need to set its own quality objectives, consider risks in their practice that would keep them from meeting those goals, and determine how to respond to those risks.”**

*– Karin French, Former IAASB Member and Chair of the ISQM 1 Task Force*

## Institute of Chartered Accountants of India (ICAI) Global Webinar: A Time to Rise Collectively to the Challenge and Restore Confidence

In April 2020, Tom delivered a [speech](#) in a global webinar hosted by the ICAI. The speech focused on three areas.

**“First, working together on both national and international levels, standard-setters, regulators, accounting and audit practitioners, preparers, and other stakeholders can make a meaningful difference in helping the economy get back on its feet.**

**Second, the IAASB stands ready to support the public interest and the external reporting community. We will create targeted guidance, where appropriate, adapt our ways of working to be flexible to rapidly changing circumstances, and coordinate with key parties.**

**Third, a few areas of our standards merit special consideration by the profession. These include going concern, auditor reporting, and auditing estimates.”** *– Tom Seidenstein, IAASB Chair*





### LinkedIn Article: With New Standards in Place, Proactive Quality Management Will Underpin the Next Era of Audit Transformation

In September 2020, Tom published an article on LinkedIn announcing the IAASB’s approval of the quality management standards.

**“The passage of our three Quality Management standards is the culmination of our response to the changing environment, the challenges of the effectiveness of our pre-existing quality control standards, and growing market participant needs. The resulting suite of standards are aimed at a more robust System of Quality Management for firms using the IAASB’s standards, and marks an evolution from a traditional, more linear approach to quality control.”**

*– Tom Seidenstein, IAASB Chair*

### PIOB’s 15<sup>th</sup> E-Anniversary Seminar: Committing to the Public Interest

In September 2020, Tom spoke during the PIOB’s 15<sup>th</sup> anniversary event.

**“Our strategy seeks tighter coordination with the broader ecosystem—including securities regulators, inspection regimes, and standard-setters. Our reporting system will work better when the different parts of the system speak together. Indeed, the level of consultation has intensified over recent months and has allowed us to identify the public interest better on key topics.”**

*– Tom Seidenstein, IAASB Chair*



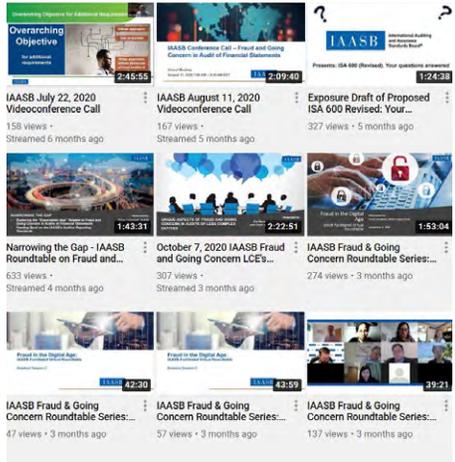
## Social Media Engagement

**STRATEGIC OBJECTIVE (III)**

In 2020, we improved our social media presence, including creating a new profile on LinkedIn and launching our own YouTube channel.

Our social media engagement for July 1, 2019 to December 31, 2020 (and the comparable period from January 1, 2018 to June 30, 2019):

**Since the IAASB launched its own YouTube channel in June 2020, we uploaded 56 videos and gained 608 subscribers.**



### YouTube Videos and Subscribers



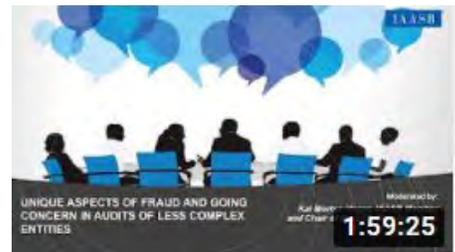
**December 10, 2020 IAASB Board Meeting Thursday...**  
 69 views • Streamed 1 month ago



**IAASB Quality Management Standards**  
 413 views • 1 month ago

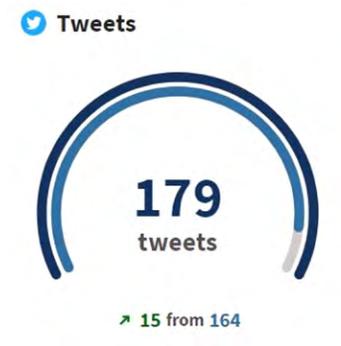


**Perspectiva general de las normas de gestión de calidad...**  
 807 views • 2 months ago



**AASB Virtual Roundtable: Fraud & Going Concern in...**  
 289 views • 2 months ago

### Twitter Overview



**TWEETS:**  
 The number of tweets published from our Twitter account, including replies, increased from 164 to 179



**FOLLOWERS:**  
 4.7 thousand to 7.1 thousand

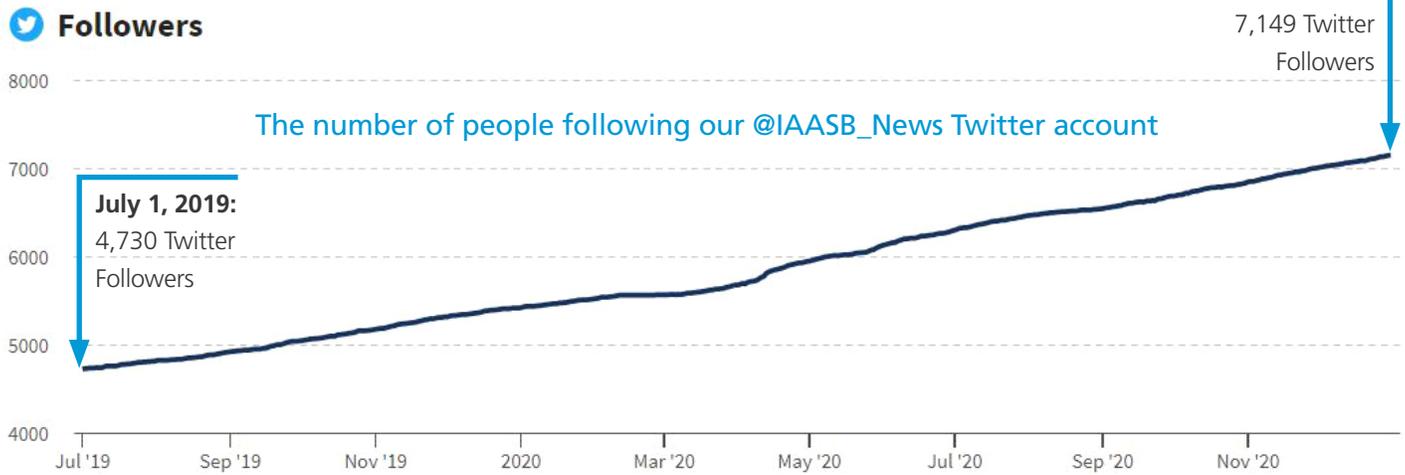


**ENGAGEMENT:**  
 Total number of interactions (retweets, replies, and likes) increased from 2.3 thousand to 2.7 thousand



**TRAFFIC:**  
 Total number of clicks on links and URLs posted to our Twitter account increased from 314 to 1.1 thousand

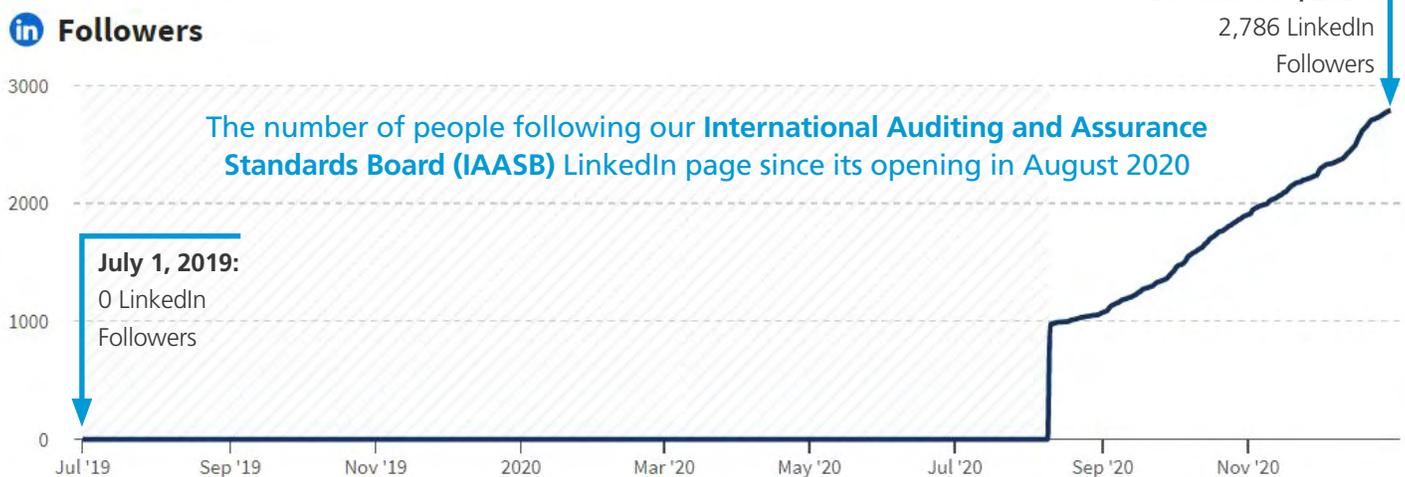
### Twitter Followers



### LinkedIn Overview



### LinkedIn Followers



# IAASB CONSULTATIVE ADVISORY GROUP CHAIR'S MESSAGE

The 2019–2020 Public Report period provided an unexpected challenge with a global pandemic. However, the Consultative Advisory Group (CAG) was able to deliver on its role as advisor to the IAASB. The methods of communication may have changed to virtual, but the focus on quality standards remained consistent. The CAG continued to provide input representing its diverse composition on all aspects of the standards setting process.

I was honored to be reappointed as CAG chair in 2020 after completing my first three-year term. During my second term, the CAG will continue to focus on providing our unique perspectives as standards move through the process. Generally, we have focused on relevant strategic perspectives and input at the beginning of the standard setting process. Later, as the standard is finalized, we continue our efforts and express any final concerns or support. Our input is diverse as the CAG membership is represented by 28 different member organizations ranging from investor groups to security regulators.

As the chair on behalf of the CAG, I also shared our views on the standard setting process and our input on specific standards and issues. Over the past year, I have seen a favorable response from the IAASB on a number of our suggestions. I have also appreciated the ability to have a transparent dialog with the PIOB on a recurring basis.

For the period under review, we have focused our input and feedback on the following areas:

- Quality Management Standards (ISQM1, ISQM 2 and ISA 220 (Revised))
- ISA 315 Revised (2019)
- Group Audits
- LCEs
- Audit Evidence
- Fraud
- Going Concern
- EER Assurance Engagements

The standards the IAASB has focused its attention on during this period are complex with many different considerations. The CAG has been able to provide input on issues such as unintended consequences, issues of length and complexity and potential challenges with implementation of any given standard. I believe our input provided significant value to the IAASB.

Looking into the crystal ball, I expect the CAG will continue to evolve and develop as it refines its role in providing input on quality standards that are in the public interest. As the auditing profession evolves, I believe it will be called on to provide assurance on many areas beyond the typical financial statements. Even with inevitable change, the CAG will continue to play an important role in providing our perspectives.



JIM DALKIN

A handwritten signature in black ink, appearing to read "Jim Dalkin". The signature is stylized and cursive.

# OUR CONSULTATIVE ADVISORY GROUP

The IAASB Consultative Advisory Group (CAG) is an integral and important part of our due process.

CAG Representatives provide advice on numerous areas of public interest, including our strategy, work program and priorities, and other matters of relevance to the IAASB's activities. All IAASB standard-setting projects are discussed with the CAG at each key stage of development—project inception, during the development of a proposed standard prior to exposure and prior to finalization of the standard. The IAASB also formally reports back to the CAG on how its input was considered.

The CAG consists of 28 Member Organizations representing global regulators, business and international organizations, and users and preparers of financial statements.

The CAG is led by an independent chair (see previous page). The CAG meets physically twice per year, supplemented by CAG teleconferences as needed. The meetings of our CAG are open to the public and its agenda material is publicly available.

## MEMBER ORGANIZATIONS

Accountancy Europe

Associação Brasileira de Instituições Financeiras de Desenvolvimento

Basel Committee on Banking Supervision

BUSINESSEUROPE

CFA Institute

European Commission

European Federation of Accountants and Auditors for SMEs

Financial Executives Institutes International

Gulf States Regulatory Authorities

Information Systems Audit and Control Association

Institute of Internal Auditors

International Accounting Standards Board

International Actuarial Association

International Association of Financial Executives Institutes

International Association of Insurance Supervisors

International Bar Association

International Corporate Governance Network

International Organization of Securities Commissions

International Organization of Supreme Audit Institutions

International Valuation Standards Council

Islamic Financial Services Board

Japan Securities Dealers Association

National Association of State Boards of Accountancy

Organisation for Economic Cooperation and Development

Sri Lanka Accounting and Auditing Standards Monitoring Board

United Nations Conference on Trade & Development

World Bank

World Federation of Exchanges

## OBSERVERS

Financial Services Agency, Japan

International Monetary Fund

US Public Company Accounting Oversight Board



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